



**PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

**2014-15 BUDGET ESTIMATES QUESTIONNAIRE**

**DEPARTMENT OF STATE DEVELOPMENT, BUSINESS  
AND INNOVATION**

## 1. Strategic priorities

### Question 1

- (a) What are the Department's key strategic priorities underpinning its budget for 2014-15 and over the forward estimates to 2017-18?

The key challenge for DSDBI is to continue to develop and promote policies that increase productivity and participation in a manner which supports sustainable economic growth.

Key strategic priorities are:

- 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

- (b) If applicable, how do these priorities differ from the previous year?

The Department's 2014-15 Budget priorities reflect a continued focus on creating an environment that facilitates growth in jobs and investment to deliver increased wealth to the State.

- (c) What are the impacts of any differences in the Department's strategic priorities between 2013-14 and 2014-15 on funding and resource allocation in the 2014-15 Budget?

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

- (d) Please identify any programs or initiatives (asset or output) over \$2 million relevant to the Department that have been curtailed, deferred, discontinued or completed as a result of changes in strategic priorities between 2013-14 and 2014-15. In describing the programs or initiatives, please use the same names as are used in the budget papers where applicable.

Not applicable

### Question 2

Please identify any programs or initiatives (including asset or output initiatives) that have lapsed in 2013-14 (i.e. will not be continued in 2014-15). For each program or initiative, please indicate the expenditure on this program/initiative in 2013-14 and the impact on the community of the lapsing. In describing the programs or initiatives, please use the same names as are used in the budget papers where applicable.

Program or initiative	Expenditure in 2013-14 (\$ million)	Impact on the community (including rescheduling of services provision or commencement of services provision)
Transition to a Global Future	1.700	<p>Program completed in accordance with its objectives in international investment promotion.</p> <p>Victorian companies will continue to be supported to improve international competitiveness through other Departmental programs.</p>
Aboriginal Business Advisor	0.580	<p>The Aboriginal Business Advisor Program provides advice and assistance to Aboriginal business owners for both start-up and growth. Aboriginal businesses are eligible for support through the Department's small business programs.</p>
Kinaway	0.800	<p>The objective of Kinaway (Aboriginal Chamber of Commerce) was to provide support to and promotion of Aboriginal owned business sector. This objective has been achieved.</p>
Kareeta Yirramboi	3.100	<p>Kareeta Yirramboi is the public sector Aboriginal employment strategy. The focus of the Kareeta Yirramboi is now career development and role diversity for the public sector workforce, and includes a revised target of 1 per cent of the public service by 2018.</p>
Regional Events	0.250	<p>An evaluation of the lapsing program found a need to continue support for the Regional Business Events Program to maintain the current momentum that has delivered 128 new business events to regional areas. Internal funding will continue to be applied to this area in future years.</p>

### **Question 3**

What are the key Government policies applicable to the Department in 2014-15?

Securing Victoria's Economy: Planning. Building. Delivering  
Plan Melbourne  
Food to Asia Action Plan 2014

A More Competitive Manufacturing Industry: New Directions for Industry Policy and Manufacturing  
Securing the Future – Victoria's Defence Industry Strategy  
Victorian Industry Participation Plan  
International Education Strategy for Victoria 2013-18

Engaging China – Strengthening Victoria  
Victoria and India from Engagement to Partnership 2013  
Victoria – Gulf States Engagement Strategy 2013  
Southeast Asia Market Engagement Plan  
Victorian International Engagement Strategy

Victorian Design Initiatives 2012-15: Designing the Future  
Supporting Small Business 2013  
Victorian Aboriginal Economic Strategy

Victoria – Leading eResearch Capability  
Victorian Government ICT Strategy 2013 to 2014  
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

Victoria's 2020 Tourism Strategy  
Regional Tourism Strategy 2013-16  
Victoria's China Tourism Strategy

Latrobe Valley Industry and Employment Roadmap  
Think Regional and Rural guides

Global Health Melbourne 2014

**Question 4 (Department of Treasury and Finance and Department of State Development, Business and Innovation only)**

Please explain, incorporating relevant expenditure estimates for 2014-15 and beyond, the manner in which recent industry restructuring decisions, proposed plant closures and job displacements etc. have impacted on departmental responsibilities and budgetary directions. In doing so, please identify the extent of both State and Commonwealth assistance initiatives embodied in budgetary projections.

Structural adjustment is not a new challenge for Victorian manufacturing. The Victorian economy has already absorbed large structural shifts over recent decades, resulting in a more flexible and diverse economy in which workers and businesses can respond quickly to emerging opportunities.

Victorian manufacturing businesses have continually transformed in response to changing market conditions over many decades. However, Victorian manufacturers have faced a prolonged period of rising domestic costs, increasing competition, and declining international competitiveness associated with the Australian dollar and, more recently, weakened global demand from advanced economies.

Further adjustment is required for the broad majority of Victorian manufacturing businesses to be globally competitive, take advantage of the global fragmentation of manufacturing supply chains, and benefit from the convergence of existing industries and new capabilities to develop into new products and markets that draw on Victoria's comparative advantages.

To support adjustment, throughout 2013/14 DSBDI has continued to deliver initiatives under the 2011 Manufacturing Strategy, A more competitive manufacturing industry, to lift the productivity and competitiveness of Victoria's manufacturing sector. As at the end of March 2014 DSBDI has expended \$5.5 million with further commitments expected prior to the end of the 2013/14 financial year. DSBDI expects a further \$19 million to be available next year to support these programs.

In response to the announced closure of Ford, the Government has worked with the Commonwealth and Ford to develop the \$24.5 million Geelong Region Innovation and Investment Fund (GRIIF) and the \$24.5 million Melbourne's North Innovation and Investment Fund (MNIIF). The Victorian Government has contributed \$4.5 million to each of these funds. To date, under GRIIF, five projects have been approved with funding totalling \$8.4 million with an expected additional 280 job in the affected area. Under MNIIF 16 projects have been approved with funding totalling \$20 million with an **expected** additional 700 jobs in the affected area.

In addition to GRIIF and MNIIF, we have also collaborated with the Commonwealth to provide an initial \$10 million and then an additional \$2 million for the Automotive New Markets Program to support automotive businesses to diversify into new products and markets. To date, 19 Victorian companies have been recipients of grants under this program.

Since October 2011, the Victorian Government has funded the Workers in Transition Program to assist retrenched workers by providing career advice, skills recognition assessments and entry to a range of training opportunities. Normally government subsidised training is only available for people who want to train at a level higher than their current qualification – this program removes this requirement for workers affected by retrenchment.

The scale of potential changes to manufacturing, particularly following the decisions by Toyota, Holden, Ford and Alcoa, requires support by government that involves helping the workers, businesses and regions affected find new jobs and business opportunities. Successful delivery will require partnership with the Commonwealth Government, which has had a historical role and responsibility in supporting structural adjustment of the economy.

The scale of this adjustment means the Victorian economy, and affected regions and industry, are unlikely to adapt quickly and will benefit from programs that support a smooth adjustment process which shifts resources, including employees, to their most productive means as quickly as possible.

The Department (DSBDI) has been working with other agencies and the Commonwealth to develop a comprehensive and effective package of measures to support businesses, workers and local economies through this period of economic structural adjustment. A Growth Fund will act as a foundation measure to transition Victorian and South Australian industries during this period. We have committed \$12 million towards the \$155 million Growth Fund announced by the Commonwealth in response to Holden's and Toyota's announcements.

In addition, as announced in the 2014/15 State Budget, the Government committed \$8.7 million to drive growth and innovation across Victoria’s \$1.5 billion defence and aerospace industry.

*Securing the Future – Victoria's Defence Strategy (2014 – 2018)* provides a detailed blueprint for supporting Victorian companies by targeting major defence projects and identifying market opportunities domestically and internationally.

The strategy assists local defence and aerospace businesses to participate in domestic and global supply chains, boost competitiveness, and facilitate collaborative projects that drive innovation and help sustain the state’s existing defence capability.

At the same time, the Government is delivering a major new infrastructure investment program that will provide further growth and employment opportunities for Victoria’s construction and manufacturing sectors and help facilitate the adjustment process. This is in addition to the Government’s economic strategy focussed on encouraging greater flexibility in the Victorian economy, strengthening the training system, providing access to new markets and creating a business environment conducive to investment and employment growth.

## 2. Budget preparation

### **Question 5 (Department of Treasury and Finance only)**

Please detail the economic forecasts which had the most significant impact on framing the 2014-15 Budget, detailing for each the major revenue and expenditure items in the budget that have been affected.

Economic forecast	Affected items in the budget
Not Applicable to DSDBI	

### **Question 6 (Department of Treasury and Finance only)**

In relation to the line item ‘Contingencies not allocated to departments’ (in the note to the estimated operating statement on total expenditure by department) for the general government sector, please explain the reasons for any differences between:

- the amount provided for 2013-14 in the 2013-14 Budget; and
- the amount provided for 2014-15 in the 2014-15 Budget

Not Applicable to DSDBI

**Question 7 (Department of Treasury and Finance only)**

Please identify the manner in which any unallocated capital provisions shown in the 2014-15 Budget have been quantified. In doing so, please also present the composition (with detail) of any drawdowns made in 2013-14 from the provision published in the 2013-14 budget papers.<sup>1</sup>

- (a) method for quantifying capital provision approved but not yet allocated in 2014-15 budget papers:

	2014-15	2015-16	2016-17	2017-18
Method of quantification	Not Applicable to DSDBI			

- (b) drawdowns made in 2013-14

Drawdowns made in 2013-14	Department/entity	Project	Purpose	2014-15 (\$ million)	2015-16 (\$ million)	2016-17 (\$ million)
Capital provision approved in 2013-14 budget papers but not yet allocated				225.6	504.2	818.1
Less: drawdowns made in 2013-14						
1:						
2:						
Total drawdowns made in 2013-14						
Balance of capital provision unallocated at end of 2013-14						

<sup>1</sup> Budget Paper No.2, 2013-14 Strategy and Outlook, May 2013, p.55

**Question 8 (Department of Treasury and Finance only)**

In relation to the estimated financial statements for the general government sector (estimated operating statement and estimated balance sheet), please explain any variations of more than 10 per cent (or greater than \$100 million) between the estimates for 2014-15 published in the 2013-14 budget papers, and the budget forecasts for 2014-15 shown in the 2014-15 budget papers.

Line item	Reason for variation
Not Applicable to DSDBI	

**Question 9 (Department of Treasury and Finance only)**

(a) What new features have been incorporated in the budget papers for 2014-15 and why?

Not Applicable to DSDBI

(b) What previous features have been modified and why?

Not Applicable to DSDBI



### 3. Spending

#### Question 10

For your department, please explain any variations of more than 10 per cent (or greater than \$100 million) between the revised estimate for 2013-14 and the target for 2014-15 for expenses from transactions (as presented in the Department's operating statement in the Statement of Finances budget paper) that relate to the following line items:

- (a) 'Employee benefits';
- (b) 'Grants and other transfers';
- (c) 'Other operating expenses' in aggregate; and
- (d) the major components of 'other operating expenses' for your department (please supply categories as appropriate).

	<b>2013-14 (Revised estimate)</b>  <b>(\$ million)</b>	<b>2014-15 (Budget)</b>  <b>(\$ million)</b>	<b>Explanation for any variances greater than <math>\pm 10\%</math> (or greater than \$100 million)</b>
Employee benefits	197.0	198.0	Below threshold, no explanation required.
Grants and other transfers	480.9	440.2	Below threshold, no explanation required.
Other operating expenses (excluding depreciation)	447.4	416.4	Below threshold, no explanation required.
Major components of 'other operating expenses' (please supply categories):			
<i>Cost of goods sold</i>	146.2	68.1	Decrease reflects lower number of lots being sold for Kew Residential Services Redevelopment in 2014-15 compared to 2013-14.
<i>Computer Services and Equipment</i>	53.6	54.9	Below threshold, no explanation required.
<i>Purchase of Labour Services</i>	35.3	28.0	Contractors are expected to decrease significantly in 2014-15 due to efficiency initiatives, which include the conversion of on-going roles currently undertaken by contractors to VPS positions (both fixed and on-going).
<i>Marketing and Media Expenses</i>	25.6	26.3	Below threshold, no explanation required.
<i>Maintenance</i>	18.5	18.5	Below threshold, no explanation required.

<i>Accommodation Services</i>	21.8	22.9	Below threshold, no explanation required.
<i>Operating Lease Payments</i>	12.7	12.7	Below threshold, no explanation required.

**Question 11 (Department of Treasury and Finance only)**

With respect to the two line items that sum to ‘Net cash flows from investments in financial assets for policy purposes’ in the general government sector cash flow statement, please identify:

- (a) the material reporting entities that contributed to estimates of cash inflows and cash outflows in 2014-15 and the forward estimates;
- (b) the expected cash flows to and from those entities in 2014-15; and
- (c) what policy objectives underlie the choice of investments.

Material reporting entity	Cash inflow (to entity) (\$ million)	Cash outflow (from entity) (\$ million)	Policy objectives
Not Applicable to DSDBI			
Total			

## 4. Efficiencies and savings

### Question 12

For each of the savings initiatives detailed in the table below, please detail (on the same basis of consolidation as the budget papers):

- (a) what actions the Department will take in 2014-15 to meet the various savings targets;
- (b) any impact that these actions will have on the delivery of services during 2014-15; and
- (c) the Department's savings target for 2014-15, with an explanation for any variances between the current target and what was originally published in the budget papers when the initiative was released.

Initiative	Actions the Department will take in 2014-15	Impact of these actions on service delivery in 2014-15	Savings target for 2014-15 (\$ million)	Explanation for variances to the original target
Government election commitment savings (2011-12 Budget)	Savings have been applied and annual budgets reduced to ensure the target savings are met.	Focus of these savings was on Government advertising. Further FTE savings were achieved through the capping of Head Office staff and CPI flow on.	14.3	Original Target has been achieved.
Measures to offset the GST reduction (2011-12 Budget)	Savings have been applied and annual budgets reduced to ensure the target savings are met.	Some programs have been targeted for budget reductions where possible, including reductions to Jobwatch, Connecting Victoria, Employment Initiatives, Business Development program and Old powerline relocation scheme.	21.0	Original Target has been achieved.

Capping departmental expenditure growth (2011-12 Budget Update)	Savings have been applied and annual budgets reduced to ensure the target savings are met.	Department expenditure has been reduced where possible including the withholding of CPI increases included in future budgets related to operational expenditure.	17.8	Original Target has been achieved.
Maintain a sustainable public service (2011-12 Budget Update)	Savings have been applied and annual budgets reduced to ensure the target savings are met.	Employee related budget has been reduced and work has been done to achieve the full savings required under this initiative, including the non-renewal of non-urgent fixed term contracts, natural attrition and Voluntary Departure packages.	12.3	Original Target has been achieved.
Savings (2012-13 Budget)	Savings have been applied and annual budgets reduced to ensure the target savings are met.	Contractors and Consultancies budget has been reduced as well as some programs have been targeted for budget reductions where possible, including Biotechnology, Industries for Today and Tomorrow and Regional Blueprint.	19.4	Original Target has been achieved.
Efficiency measures (2012-13 Budget Update)	Divisions within the Department will be consulted and requested to advise where savings could be identified from their operations. The areas identified will be monitored during 2014-15 to ensure the savings targets are met.	Savings measures will include labour efficiencies to be achieved by maintaining workforce levels below targets, and reducing the size and scope of some of the Department's programs.	4.8	No variances anticipated at this time.

<p>Efficiency measures (2013-14 Budget) (Machinery-of-Government)</p>	<p>Divisions within the Department will be consulted and requested to advise where savings could be identified from their operations. The areas identified will be monitored during 2014-15 to ensure the savings targets are met.</p>	<p>Savings measures will include labour efficiencies to be achieved by maintaining workforce levels below targets, and reducing the size and scope of some of the Department's programs.</p>	<p>3.3</p>	<p>No variances anticipated at this time.</p>
<p>Efficiency measures (2013-14 Budget Update)</p>	<p>(1) 2013-14 Budget General Efficiency Dividend - increase to 2.5%: Divisions within the Department will be consulted and requested to advise where savings could be identified from their operations. The areas identified will be monitored during 2014-15 to ensure the savings targets are met.  (2) Energy Technology Innovation Strategy – Return of surplus funds: Funding for a number of initiatives related to Energy Technology Innovation Strategy and CarbonNet have been reduced to a total of \$10m pa over 4 years.</p>	<p>(1) Savings measures will include labour efficiencies to be achieved by maintaining workforce levels below targets, and reducing the size and scope of some of the Department's programs.  (2) Savings measures in the Department include the reduction in funding for ETIS and CarbonNet initiatives.</p>	<p>(1) 1.9  (2) 10.0</p>	<p>No variances anticipated at this time.</p>
<p>Any savings or efficiency initiatives in the 2014-15 Budget</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>

**Question 13**

Budget Paper No.2 for 2011-12 to 2013-14 indicated that funding previously allocated to departments for expenditure in the three years is to be ‘reprioritised or adjusted’ to fund new initiatives. Please provide the following information about your department’s share of the actual funding reprioritised and adjusted in these years and forecast in the 2014-15 Budget:

(a) for 2011-12 to 2013-14:

<b>Budget in which funding was reprioritised or adjusted</b>	<b>Department’s share of the reprioritised or adjusted funding</b>	<b>What the reprioritised and adjusted funding was initially provided for</b>	<b>How much of the Department’s funding was reprioritised or adjusted (\$ million)</b>	<b>Reasons for any variances between initial provision and actual reprioritisation or adjustment</b>
2011-12	100%	Reprioritised funds were offset from general recurrent departmental base funding.	0.700	N/A
2012-13	100%	Reprioritised funds were offset from various programs, including ‘Agenda for New Manufacturing’ and ‘Energy Technology Innovation Strategy’, and business areas across the Department.	13.193	N/A
2013-14	100%	Reprioritised funds were offset from the ‘Energy Technology Innovation Strategy’ program, and from general recurrent departmental base funding.	12.966	N/A

(b) for 2014-15

Breakdown of the projected reprioritised and adjusted funding	Quantification of proposed reprioritised and adjusted funding (for each sub-item) (\$ million)
Victoria's international engagement in the Republic of Korea	0.300
<i>Offset from:</i> (1) <i>Victorian International Engagement Strategy – Victorian Government Business Office's International Network</i> (2) <i>Establish Office of State Development</i>	(0.170)  (0.130)
Securing the Future (Victoria's Defence and Security Sector)	2.122
<i>Offset from:</i> <i>Recurrent departmental base funding and other manufacturing programs</i>	(2.122)
National Energy Market Reform My Power Planner - Extension TARGET: accelerating investment in minerals exploration and development	3.517 2.570 1.112
<i>Offset from:</i> (1) <i>Advanced Lignite Demonstration Program</i> (2) <i>Carbon Net</i> (3) <i>Efficient Technology Innovation Strategy Future Energy to Sustainable Energy</i>	(0.372) (3.620) (3.207)
Department of Transport, Planning and Local	

Infrastructure programs:	
(1) Supporting Regional Growth Plan Delivery	1.300
(2) Rural Council Planning Flying Squad	2.323
<i>Offset from:</i>	
<i>Regional Growth Fund</i>	<i>(3.623)</i>
<b>Total (equals Department's share of the reprioritised or adjusted funding)</b>	<b>13.244</b>



**Question 14 (Department of Treasury and Finance only)**

Please provide a breakdown of the amounts making up the item 'funding from reprioritisation and adjustments' for 2014-15 and beyond, usually shown in Budget Paper No.2<sup>2</sup> as a deduction from the projected cost of new output initiatives.

Description of reprioritisation and/or adjustment	Applicable department	\$ million
Not Applicable to DSDBI		
Total funding from reprioritisation and adjustments		

**Question 15 (Department of Treasury and Finance only)**

The 2013-14 budget papers did not include a reconciliation of the savings item in Table 4.4 of Budget Paper No.2<sup>3</sup> and the aggregate of amounts deducted for each department in Budget Paper No.3<sup>4</sup> in the presentation of their new output initiatives. If such a reconciliation is not included in the 2014-15 budget papers, please provide the relevant data as per the following table:

	2014-15	2015-16	2016-17	2017-18
Savings item (BP2)	Not Applicable to DSDBI			
Total of departmental deducting items ('existing resources') (BP3)				
Difference (if applicable)				
Explanation of difference for each year				

<sup>2</sup> Most recently, Budget Paper No.2, *2013-14 Strategy and Outlook*, May 2013, p.54

<sup>3</sup> Budget Paper No.2, *2013-14 Strategy and Outlook*, May 2013, p.54

<sup>4</sup> Presented in the 2013-14 budget papers as 'existing resources' in departmental output initiatives tables (Budget Paper No.3, *2013-14 Service Delivery*, May 2013, chapter 1)

## 5. Output and asset initiative funding

### Question 16

In regard to adjustments to the Department’s base funding as set out in BFMG-06 (Departmental Funding Model), please provide:

- (a) the department’s base funding for 2013-14;

The Department’s base funding for 2013-14 is \$266.0 million.

- (b) the initial figure used to escalate the Department’s 2013-14 base output price to maintain alignment with movements in the rate of inflation;
- (c) details of any adjustments in this rate that apply to the Department;
- (d) the final escalation rate applied to the Department’s base output price for 2013-14 to calculate the Department’s base output price for 2014-15; and

An overall escalation factor cannot be determined accurately due to the allocation and application of various savings and efficiency measures, as well as differences in escalation levels received and provided for to various areas that have moved in and out of the Department over recent years as part of machinery-of-government changes.

- (e) the department’s base funding for 2014-15.

The Department’s base funding for 2014-15 is \$268.4 million.

## 6. Public private partnership expenditure

### Question 17 (Department of Treasury and Finance only)

Please provide details of the estimated amount of expenditure on commissioned PPP projects in 2014-15 and across the forward estimates. For each year, please also indicate all PPP projects for which payments are expected to start in the year.

	2014-15	2015-16	2016-17	2017-18
Value of payments for PPP projects (\$ million)	Not Applicable to DSDBI			
Projects for which payments will start in the year				

### Question 18 (Department of Treasury and Finance only)

In regard to the figure in the budget papers for ‘cash flows from PPP payments’,<sup>5</sup> please:

- (a) provide a revised estimate for this figure for 2013-14, and estimates for 2014-15 and the forward estimates;

<sup>5</sup> Budget Paper No.4, 2013-14 State Capital Program, May 2013, p.11

- (b) indicate all line items in the budget papers (including the accompanying notes) that wholly or partly contribute to these estimates; and
- (c) provide explanations for any changes in these figures from those provided to the Committee as part of its 2013-14 Budget Estimates inquiry.

**Question 19 (Department of Treasury and Finance only)**

Please disaggregate the ‘cash flows from PPP payments’ figure for 2014-15 given in Question 18 into the underlying public private partnership projects where there are expected to be cash flows.

PPP Project name	Expected cash flow 2014-15 (\$ million)
Not Applicable to DSDBI	
<b>Cash flows from PPP projects (as given in budget papers)</b>	

If this is not possible, please indicate which PPP projects are expected to have cash flows during 2014-15.

PPP Projects with cash flows during 2014-15
Not Applicable to DSDBI

## 7. Revenue initiatives, departmental income (fees, fines, taxation measures, concessions and subsidies) and tax expenditures

### Question 20

In relation to 2014-15, please outline any new revenue-raising initiatives and/or major changes to existing revenue initiatives. For each initiative/change, please explain:

- (a) the reasons for the initiative/change;
- (b) the assumptions underlying the analysis;
- (c) alternative scenarios considered;
- (d) the impact of any changes on service delivery (i.e. please detail all programs/projects that have been revised as a result of changes to existing revenue initiatives);
- (e) any performance measures or targets altered as a result of the initiative/change; and
- (f) the anticipated total value of revenue gained/foregone as a result of the initiative/change.

In describing initiatives, please use the same names as are used in the budget papers where applicable.

The Department of State Development, Business and Innovation does not have any new revenue-raising initiatives and/or major changes to existing revenue initiatives for 2014-15.

### Question 21

If the 'total expenses from transactions' figure listed in the Department's comprehensive operating statement in Budget Paper No.5, is greater than the total figure in the Department's output summary table in Budget Paper No.3., please explain:

- (a) what the difference between the two figures is; and

The 'total expenses from transactions' figure listed in the Department's comprehensive operating statement in Budget Paper No. 5 is \$1.091 billion and the total figure in the Department's summary table is \$0.927 billion. The difference between the figures is \$164.1 million and is a result of the exclusion of CenITex, from the figures in Budget Paper 3.

- (b) what the 'non-output' expenditure in the 'total expenses from transactions' figure is used for.

CenITex's transactions are consolidated by the Department as part of its comprehensive operating statement in Budget Paper No.5, however are not incorporated into the Department's output costs in Budget Paper No. 3, as the various output costs are incurred by the departments serviced by CenITex. Accordingly, further allocating CenITex's expenditure against a specific DSDBI output would result in double counting.

### **Question 22**

In relation to 2014-15, please outline any new tax expenditures or concession/subsidy initiatives and/or major changes to existing tax expenditures or concession/subsidy initiatives. For each initiative/change, please explain:

- (a) the reasons for the initiative/change;
- (b) the assumptions underlying the analysis;
- (c) alternative scenarios considered;
- (d) the impact of any initiatives/changes on service delivery (i.e. please detail all programs/projects that have been revised as a result of changes to existing revenue initiatives);
- (e) any performance measures or targets altered as a result of the initiative/change; and
- (f) the anticipated total value of revenue gained/foregone as a result of the initiative/change.

In describing initiatives, please use the same names as are used in the budget papers where applicable.

The Department of State Development, Business and Innovation does not have any new tax expenditures or concession/subsidy initiatives and/or major changes to existing tax expenditures or concession/subsidy initiatives for 2014-15.

**Question 23**

For the Department's income categories (as appear in the Department's operating statement in the Statement of Finances budget paper), please provide an explanation for any items that have a variance of greater than 10 per cent or \$100 million between the revised estimate for 2013-14 and the budget for 2014-15.

<b>Income category</b>	<b>Revised estimate/budget for 2013-14 (\$ million)</b>	<b>Estimate/Budget for 2014-15 (\$ million)</b>	<b>Explanation</b>
Interest	10.5	10.4	Below threshold of 10%, no explanation required.
Output appropriations	727.5	786.2	Below threshold of 10%, no explanation required.
Sales of goods and services	169.4	188.3	Variation is due to an increase in the funding profile for CarbonNet Trust.
Grants	82.4	3.0	Variance is largely due to payment made to Grand Prix (\$70m) in July 2013. The amount paid was part of the revised estimate for 2013-14, but is not included as part of the budget for 2014-15.
Other income	139.9	71.5	Variance is due to lower expected revenue from the Kew Residential Services Redevelopment, as compared to 2013-14.

**8. Grants from the Commonwealth****Question 24**

What impact have developments at the Commonwealth level had on the Department's component of the 2014-15 State Budget?

Funding of \$22.3 million and \$3.0 million have been provided in 2014-15 by the Commonwealth for Carbon Net and Regional Development Australia, respectively.

**Question 25 (Department of Treasury and Finance only)**

Please explain how any major changes between financial agreements with the Commonwealth have impacted on the State Budget for 2014-15, e.g. health and hospitals reform.

Not Applicable to DSDBI

**Question 26 (Department of Treasury and Finance only)**

What has been the impact of any changes to Victoria’s share of the GST pool for 2014-15 and beyond? Please detail any actions that the State Government has taken in response to changes in the value of general purpose grants in 2014-15.

Not Applicable to DSDBI

**9. Net debt**

**Question 27 (Department of Treasury and Finance only)**

In relation to the net debt projections for the non-financial public sector for the 2014-15 budget year and over the forward estimates to 2017-18,<sup>6</sup> please provide a break-down of the spread of net debt between the general government sector (GGS) and each of the main public non-financial corporations (PNFCs) concerned.

GGS/PNFC entity	Net debt, 30 June 2014	Net debt, 30 June 2015	Net debt, 30 June 2016	Net debt, 30 June 2017	Net debt, 30 June 2018
Not Applicable to DSDBI					

**Question 28 (Department of Treasury and Finance only)**

What factors or assumptions have led to changes to the estimates of borrowings and net debt for 2013 and the forward estimates between the 2013-14 Budget and the 2014-15 Budget?

Not Applicable to DSDBI

<sup>6</sup> Budget Paper No.5, 2013-14 Statement of Finances, May 2013, p.69

## 10. Performance measures

### Question 29

For each initiative (asset or output) in the 2014-15 Budget with a total cost over the forward estimates greater than \$20 million (or a TEI over \$20 million), please list all new and existing performance measures in the budget papers related to the initiative. In describing initiatives, please use the same names as are used in the budget papers.

Initiative	Related performance measures
Investment Support Program	New Investment facilitated in regional Victoria Jobs derived from the investment facilitated in regional Victoria New investment facilitated Jobs derived from the investment facilitated
Regional Connectivity program	New Investment facilitated in regional Victoria New investment facilitated
Ballarat West employment zone	New Investment facilitated in regional Victoria New investment facilitated

### Question 30

Please indicate any changes that the Department has made since the 2013-14 Budget to increase the proportion of performance measures that indicate quality of output.

For 2014-15 the DSDBI proposes to increase the proportion of performance measures that indicate quality of output from 26% of measures (21) to 30% of measures (18). During 2013-14 DSDBI undertook a review of the performance measures under the Energy and Resources output. The purpose of the Review was to ensure the measures were outcome and output focussed.

The Review, combined with the completion of two projects under the Regional Development and Regional Cities output, resulted in a reduction of the total number of measures across the Department from 81 to 60. Accordingly the number and proportion of measures relating to quality increased. The new quality performance measure under the Energy and Resources output relates to stakeholder forums that will be held concerning activities across the Energy and Resources output.



## 11. Staffing matters

### Question 31

Please fully complete the table below, providing actual FTE staff numbers at 30 June 2013 and estimates of FTE staff numbers (broken down by the categories listed below) at 30 June 2014 and 30 June 2015 for the Department. Please provide figures consolidated on the same basis as the expenditure for the Department in the budget papers.

Grade	30 June 2013 (Actual FTE number)				30 June 2014 (Forecast FTE number)				30 June 2015 (Forecast FTE number)				
	Entity	DSDBI	Tourism Victoria	Cenitex	Film Vic	DSDBI	Tourism Victoria	Cenitex	Film Vic	DSDBI	Tourism Victoria	Cenitex	Film Vic
Secretary	1.0				1.0				1.0				
EO-1	2.0	1.0			2.0	1.0			2.0	1.0			
EO-2	18.0	1.0	4.0	1.0	21.0	2.0	4.0	1.0	22.0	2.0	4.0	1.0	
EO-3	29.0	5.0	1.0	1.0	26.0	2.0	1.0	2.0	27.0	3.0	1.0	2.0	
VPS Grade 7 (STS)	14.5	1.0	26.0		20.5	1.0	27.4		21.5	1.0	25.0		
VPS Grade 6	255.3	15.8	166.0	6.0	275.4	14.8	159.6	4.0	279.4	20.0	145.0	4.0	
VPS Grade 5	261.3	25.5	167.0	9.6	281.6	23.7	158.4	13.0	286.3	31.0	145.0	13.0	
VPS Grade 4	184.5	12.8	96.0	7.0	177.8	11.0	89.1	8.0	180.8	14.5	81.0	8.0	
VPS Grade 3	111.0	7.5	111.0	6.0	119.1	6.5	107.0	10.0	121.1	8.5	100.0	9.0	
VPS Grade 2	19.8		1.0	5.2	19.2		3.8		20.2		3.0		
VPS Grade 1	1.0		1.0		2.0				2.0				

Other	31.7			5.0	34.7				34.7			
<b>Total</b>	<b>929.1</b>	<b>69.6</b>	<b>573.0</b>	<b>40.8</b>	<b>980.3</b>	<b>62.0</b>	<b>550.3</b>	<b>38.0</b>	<b>998.0</b>	<b>81.0</b>	<b>504.0</b>	<b>37.0</b>

Note: Other refers to Ministerial Drivers, Legal Officers, Scientists and Principal Scientists.

For Film Victoria “Other” refers to Vacant established positions on June 30 2013.

**Question 32**

Please break down the actual staff numbers in your department as at 30 June 2013 and the estimates as at 30 June 2014 and 2015 according to the number of staff that are ongoing, fixed-term or casual.

Entity	30 June 2013 (Actual FTE number)				30 June 2014 (Forecast FTE number)				30 June 2015 (Forecast FTE number)			
	DSDBI	Tourism Victoria	Cenitex	Film Vic	DSDBI	Tourism Victoria	Cenitex	Film Vic	DSDBI	Tourism Victoria	Cenitex	Film Vic
Ongoing	846.8	66.4	467.0	23.2	870.3	60.0	450.7	27.0	886.0	78.4	412.0	27.0
Fixed-term	81.8	3.2	97.0	11.6	110.0	2.0	93.0	10.0	112.0	2.6	86.0	10.0
Casual	0.5		10.0	1.0			6.6	1.0			6.0	
Vacant				5.0								
<b>Total</b>	<b>929.1</b>	<b>69.6</b>	<b>573.0</b>	<b>40.8</b>	<b>980.3</b>	<b>62.0</b>	<b>550.3</b>	<b>38.0</b>	<b>998.0</b>	<b>81.0</b>	<b>504.0</b>	<b>37.0</b>

**Question 33**

Please indicate, for 2013 and 2014, the estimated total number of VPS positions and non-VPS positions that the Department expects to have as at 30 June.

Entity	30 June 2013 (Actual FTE number)				30 June 2014 (Forecast FTE number)				30 June 2015 (Forecast FTE number)			
	DSDBI	Tourism Victoria	Cenitex	Film Vic	DSDBI	Tourism Victoria	Cenitex	Film Vic	DSDBI	Tourism Victoria	Cenitex	Film Vic
VPS positions	897.4	69.6	563.0	40.8	945.6	62.0	543.7	38.0	963.3	81.0	498.0	37.0
Non-VPS positions (includes Ministerial Drivers, Legal Officers, Scientists and Principal Scientists)	31.7		10.0		34.7		6.6		34.7		6.0	
<b>Total</b>	<b>929.1</b>	<b>69.6</b>	<b>573.0</b>	<b>40.8</b>	<b>980.3</b>	<b>62.0</b>	<b>550.3</b>	<b>38.0</b>	<b>998.0</b>	<b>81.0</b>	<b>504.0</b>	<b>37.0</b>

**Question 34**

Please detail the actual amount that the Department spent on contractors and consultants in 2012-13 and the estimated expenditure in 2013-14 (for a definition on the difference between consultants and contractors, see FRD 22D – Standard Disclosures in the Report of Operations). Please provide figures on the same basis of consolidation for the Department as used in the budget papers.

	2012-13 Actual (\$ million)	2013-14 Expected (\$ million)	2014-15 Forecast (\$ million)
Consultants*	0.40	6.61	5.81
Contractors	41.60	35.3	28.0

- Please note changed definition applies to 2013-14 onwards.

## 12. Previous recommendations

### **Question 35**

For each recommendation in the Committee's *Report on the 2013-14 Budget Estimates – Part Two* that relates to an area relevant to your department or one of its portfolio agencies, please indicate:

- (a) whether or not the action specified in the recommendation has been implemented;
- (b) if so, how it has been implemented and what publicly available information (if any) demonstrates the implementation of the recommendation; and
- (c) if not, why the recommendation has not been implemented, and the intended date of implementation.

Recommendation		Has the action specified in the recommendation been implemented?	If yes:		If no:	
			How has it been implemented?	What publicly available information, if any, shows the implementation?	Why not?	When is the intended date of implementation?
23	Departments in future budget papers ensure that all objective indicators are clearly quantifiable or measurable.	Y(partly implemented)	DSDBI regularly reviews its Departmental Objectives, Objective Indicators and Outputs. In 2013-14 DSDBI reviewed the Energy and Resources output which has resulted in a revised objective indicator: <i>“Market outcomes, industry and consumer confidence strengthened”</i> . Output performance measures have also been reviewed to reflect a greater focus on outcomes.	2014-15 Budget Papers.	The recommendation has not been implemented across all objective indicators. Objective indicators will continue to be reviewed as part of broader reviews of performance measurement for the Department	A date has not been set at this stage.