

Entity-specific questionnaire – Department of Environment, Land, Water and Planning

1. Economic Outlook

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

Please outline the measures the Department of Environment, Land Water and Planning is taking to increase Victoria’s GSP per capita.

The 2016-17 Budget provided investment for a number of major infrastructure and asset projects across the Department’s portfolio areas. These projects support key industries that underpin Victoria’s GSP, including:

- **Regional Water Infrastructure – Water Infrastructure and Irrigation:** As part of the Government’s Jobs Package, the 2016-17 Budget provides \$59.2 million for the upgrade of the Wedderburn, Werribee and Bacchus Marsh irrigation districts. These projects will increase water security and will underpin existing jobs in agriculture and related industries, as well as helping to create new on-farm positions through boosting farm production.
- **Regional Water Infrastructure – South Gippsland Water Northern Towns Water Connection Project:** The 2016-17 Budget provides \$30 million to connect Nyora, Loch, Korumburra and Poowong to Victoria’s water grid for the first time. This investment will provide greater water security and quality drinking water in South Gippsland. It will also underpin the future of food processing in the region by providing companies such as Burra Foods and GBP Exports – who currently employ 165 and 180 staff in the region respectively – with supply security and the confidence to further invest in their businesses.
- **Enhancing Victoria’s world class nature based tourism destinations:** The 2016-17 Budget provides \$48.2 million for a major redevelopment of Phillip Island’s iconic Penguin Parade, one of Victoria’s most popular tourist attractions. This initiative funded through the Regional Tourism Infrastructure Fund will construct a new, larger and better equipped visitor centre and will create 620 new jobs a year, including around 110 construction personnel while redevelopment is underway. Phillip Island Nature Parks is one of Australia’s most popular wildlife attractions with more than 600,000 visitors a year, with this project potentially increasing visitation by more than 20 per cent over ten years.
- **Smart Planning system:** The 2016-17 Budget provides \$25.5 million to unlock investment and create jobs through an integrated and comprehensive package of reforms to modernise Victoria’s Planning System. This initiative will create a new online portal for applications and will enable an extension to the VicSmart process, including the targeted removal of permit requirements in commercial and industrial zones, allowing faster approval times for certain development proposals. Last financial year, more than 57,000 planning permit applications

were made, worth around \$24 billion of proposed economic investment in Victoria. This system will help make it even easier to buy and build in Victoria.

2. Connections Project TEI

The Committee notes that the total estimated investment (TEI) for the GMRWC *Connections Project* has increased to \$922.4 million¹ in 2016-17 budget papers from \$822.8 million in the 2015-16 budget papers.² The budget papers explain that this is due to 'a change in accounting treatment of capital and output expenditure'. Please provide further details of this change in accounting treatment, including how the change has affected operational costs for GMRWC.

The change in accounting treatment relates to the inclusion of expenditure related to the *Future Flow* project, which formed part of the early works of the project undertaken in 2007-08. This expenditure is part of the total \$2 billion investment and as such there has been no impact to the operating cost of GMRWC as the expenditure was incurred in 2007-08.

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

The Department advised the total Parliamentary authority for the provision of outputs (\$1,338.2 million) in q.20 of the Committee's General Questionnaire. This compares with total income from transactions of \$2,100.8 million (BP3 p.194). Please identify:

- a) the sources for differences in these figures

The total Parliamentary authority for the provision of outputs (\$1,338.2 million) only includes output appropriations and special appropriations. It does not include account items such as Interest, Sales of Goods and Services, Grants, and Other Incomes. The sources for these account items predominately relate to the departments Trust funds.

- b) whether these sources are in or out of the public account

The total income from transactions for DELWP are all within the public account.

4. Departmental objective indicators

For the following questions on departmental objective indicators, please refer to BP3, pp.191-2.

- a) Please explain why the Department has discontinued the departmental objective indicator 'Proportion of new homes and businesses connected to an alternative water source'³ which supported the 'Safe and sustainable water resources' objective.

The departmental objective indicator 'Proportion of new homes and businesses connected to an alternative water source' was discontinued in 2016-17 due to a change in policy as a result of the development of the new water plan, *Water for Victoria*. Replacement departmental objective indicators are being considered as part of the development of *Water for Victoria*, which will set the strategic direction for water management in Victoria for decades to come.

¹ Department of Treasury and Finance, *Budget Paper No.4: 2016-17 State Capital Program* (2016), p.86

² Department of Treasury and Finance, *Budget Paper No.4: 2015-16 State Capital Program* (2015), p.76

³ Department of Treasury and Finance, *Budget Paper No.3: 2015-16 Service Delivery* (2015), p.193

- b) Please advise whether the Department considers that 'Proportion of properties completely connected to the modernised irrigation delivery system (in the Goulburn-Murray and Macalister Irrigation Districts)' and 'Number of river reaches/wetlands with maintained or improved environmental condition' convey sufficient information to demonstrate progress to the Department's objective of 'Safe and sustainable water resources'.

The two Departmental Objective Indicators, 'Proportion of properties completely connected to the modernised irrigation delivery system (in the Goulburn-Murray and Macalister Irrigation Districts)' and 'Number of river reaches/wetlands with maintained or improved environmental condition' represent significant work programs being undertaken to achieve the "Safe and sustainable water resources" objective for the department. As part of the development of *Water for Victoria*, which will set the strategic direction for water management in Victoria, the department is committed to reviewing and updating the DOI if required.