



**PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

**2016-17 BUDGET ESTIMATES QUESTIONNAIRE**

## 1. Strategic priorities

### Question 1

Regarding the machinery-of-government changes that occurred during 2014-15, please:

- (a) provide a revised estimate of the costs of carrying out the changes for 2015-16 and any estimated costs anticipated during 2016-17. Please include all costs of the changes, such as IT-related costs or relocation costs, excluding staff costs.

Year	Costs related to machinery-of-government changes
2015-16	\$452,535 (to April 2016)
2016-17	No costs associated with the machinery-of-government changes are anticipated in 2016-17.

- (b) provide a revised estimate for 2015-16 and estimate for 2016-17 for anticipated staff impacts of the machinery-of-government changes, quantifying expected redeployments, redundancies (including targeted redundancies), non-renewal of contracts and any other means of reducing staff numbers. Please identify estimated staff costs and savings arising from each means. Please also identify the areas within the Department where staff reductions are anticipated.

	Number (FTE)	Resulting costs (\$ million)	Resulting savings (\$ million)
<b>2015-16</b>			
Redeployment	There were no reductions in staff in 2015-16 as a result of the machinery-of-government changes.		
Redundancies			
Non-renewal of contracts			
Staff reductions through other means			
Areas where reductions are anticipated			
<b>2016-17</b>			
Redeployment	There are no anticipated reductions in staff in 2016-17 as a result of the machinery-of-government changes.		
Redundancies			
Non-renewal of contracts			
Staff reductions through other means			
Areas where reductions are			

anticipated	
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- (c) detail any expected closures of offices, depots or other public service points as a result of the machinery-of-government changes, quantifying the number of each type of location to be closed.

There are no future expected closures of offices, depots or other public service points as a result of the machinery of government changes.

## Question 2

- (a) What are the Department's key strategic priorities underpinning its budget for 2016-17 and over the forward estimates to 2019-20?

The Department's key strategic priorities underpinning its budget for 2016-17 and over the forward estimates to 2019-20 are:

- A quality built environment
- Healthy, resilient and biodiverse environment
- Productive and effective land management
- Safe and sustainable water resources
- Sustainable and effective local governments
- Reduced impact of major bushfires and other emergencies on people, property and the environment.

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

Not applicable.

- (c) What are the impacts of any differences in the Department's strategic priorities between 2015-16 and 2016-17 on funding and resource allocation in the 2016-17 Budget?

Not applicable.

- (d) Please identify any programs or initiatives (asset or output) over \$2.0 million relevant to the Department that have been curtailed, deferred, discontinued or completed as a result of changes in strategic priorities between 2015-16 and 2016-17. In describing the programs or initiatives, please use the same names as are used in the budget papers where applicable.

No programs or initiatives over \$2 million were curtailed, deferred, discontinued or completed as a direct result of changes in strategic priorities between 2015-16 and 2016-17.

### Question 3

Please identify any programs or initiatives (including asset or output initiatives) that have lapsed in 2015-16 (that is, they will not be continued in 2016-17). For each program or initiative, please indicate the expenditure on this program/initiative in 2015-16. If the program or initiative is to be extended, please identify whether the Department's own sources will be used or name any initiatives in the 2016-17 Budget that replace the lapsing initiative. Please also identify the impact on the community of the lapsing (including rescheduling of service provision or commencement of service provision). If there is no impact, please detail the actions undertaken by the Department to ensure this. 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 2015-16 (\$ million)	If it is to be extended into 2016-17, how is the program or initiative to be funded?	Impact on the community of lapsing or actions taken by the Department to ensure there is no impact
Whole of Government Bushfire Recovery – Catchment Management Authorities (2014-15 Budget)	0.3	Not applicable.	No impact expected. Funding was provided for the rehabilitation and protection of waterways that were exposed or put at risk following the 2014 bushfires. This work has now been completed.
Review of the <i>Local Government Act 1989</i> (2015-16 Budget)	1.0	The work on the review of the <i>Local Government Act 1989</i> will continue in 2016-17 within existing departmental resources.	No impact expected.
Endeavour Hills community precinct (2015-16 Budget)	0.1	Not applicable.	No impact expected. Funding was provided as a once-off contribution to the planning stage of the Endeavour Hills community precinct.
Sustainable water management – protecting the Yarra River (2015-16 Budget)	1.0	It is expected that the Yarra River Ministerial Advisory Committee will continue its work beyond 2015-16 within existing departmental resources.	No impact expected.

<p>Leading the Way (Living Victoria Fund)</p>	<p>15.1</p>	<p>The 2016-17 State Budget has announced the establishment of a fourth tranche of the Environmental Contribution and a package of initiatives to be funded for the next four years.</p> <p>Elements of this program will be built into new initiatives as part of the fourth tranche of the Environmental Contribution, where consistent with the development of <i>Water for Victoria</i>.</p>	<p>No impact given the continuation of investment, consistent with community engagement through the development of <i>Water for Victoria</i>.</p>
<p>There are a range of initiatives funded through the third tranche of the Environmental Contribution due to cease in 2015-16.</p>	<p>143.9</p>	<p>The 2016-17 State Budget has announced the establishment of a fourth tranche of the Environmental Contribution and a package of initiatives to be funded for the next four years.</p> <p>Elements of these initiatives will be built into new initiatives as part of the fourth tranche of the Environmental Contribution, where consistent with the development of <i>Water for Victoria</i>.</p>	<p>No impact given the continuation of investment, consistent with community engagement through the development of <i>Water for Victoria</i>.</p>

#### Question 4

What are the key Government policies applicable to the Department in 2016-17 and how are these policies addressed in this budget?

The Department is tasked with creating liveable, inclusive and sustainable communities that support jobs and growth in Victoria. The Department is focused on delivering the Victorian Government's priorities, including responding to climate change, developing a water plan to optimise the way we manage our water resources, refreshing *Plan Melbourne*, planning for the future growth and transformation of our cities and regions, and strengthening the integrity and good governance of local government through the review of the *Local Government Act 1989*.

The 2016-17 Budget invests in a broad range of initiatives to deliver upon these priorities. For example funding has been provided to:

- restore Victoria as a leader in climate change action and to help communities protect Victoria's threatened species and biodiversity
- prepare for the critical challenges facing Victoria's water sector as identified in Victoria's new water plan, *Water for Victoria*.
- unlock investment and create jobs through an integrated and comprehensive package of reforms to modernise Victoria's planning system.
- address critical infrastructure needs for communities on Melbourne's urban fringe.
- increase Victoria's capacity to more effectively respond to bushfires in order to keep Victorian communities safe.

#### Question 5

- (a) Please provide details of the Department's progress at developing corporate plans and long-term plans as detailed in BFMG-03 and the Department of Treasury and Finance's *A Guide to Corporate and Long-Term Planning* (April 2014).

The Department developed its 2015-19 Corporate Plan in line with the current guidelines *A Guide to Corporate and Long-Term Planning* (April 2014).

Long-term plans are currently not required by Government.

The Department is developing its corporate planning processes in line with the Department of Treasury and Finance's new Performance Management Framework which will come into effect from 1 July 2016.

- (b) If the Department's corporate plan is online, please provide the address below.

<http://www.delwp.vic.gov.au/about-us/corporate-plan>

- (c) If it is not online, please explain why it is not online and advise whether it is intended to be made publicly available in the future.

Not applicable.

## 2. Budget preparation

### Question 6

In relation to the Department's budget across the forward estimates period, please indicate:

- (a) major areas of risk identified by the Department for its income estimates

The major area of risk in relation to income estimates is any future changes in Commonwealth policy which could result in a reduction in income to the Department.

- (b) major areas of risk identified by the Department for its expenses estimates

The major risk for the Department in relation to expense estimates would be any unexpected costs associated with emergency response.

- (c) what measures have been put in place to manage these risks.

The Department undertakes a number of programs which are designed to manage risks associated with emergency response faced by the Department.

For example, the Department works with communities, land managers and fire agencies to manage bushfire risk by balancing local knowledge and expertise with the latest research and modelling technologies to protect people, property and biodiversity. Bushfire management activities include planned burning, fuel management and computer modelling to show how fire spreads under different conditions, terrain and vegetation.

The Department is also introducing a new approach to planned burning from 1 July 2016 to focus on the areas of greatest bushfire risk across public and private land. Under this new approach, the Department will introduce a risk reduction target replacing the current hectare target. Under the new target, the Department will use fuel management on public land to reduce the impacts of major bushfires by almost a third.

In addition, the Department leads the Victorian government's response to climate change, covering both mitigation of risks and adaptation to the impacts of climate change. DELWP works with local governments, businesses and the community to develop effective climate change adaptation and mitigation strategies to transition to a sustainable future, along with partners such as Sustainability Victoria.

In addition, the Department has in place formal monthly status reports to monitor risks and potential risks faced by the Department.

### Question 7

Please describe any expected sources of income or expenses where the Department has made a conservative estimate in the budget year or any year over the forward estimates, and as a result anticipates that the actual amount is likely to be more than 10 per cent greater than what has been estimated in the budget papers (for example, where the amount is difficult to predict so the budget paper estimates are zero or a low amount). Please also identify any items for which the budget estimates are zero but income or expenses are expected. Examples might include: 'fair value of assets and services received free of charge or for nominal consideration', grants from new national partnerships that the Commonwealth might announce at some point during the forward estimates period, or donations to community appeals.

<b>Source of income/expenses</b>	<b>Affected line item</b>	<b>Details</b>
There are no expected variances of income and expenses that are greater than 10 per cent.		



### 3. Spending

#### Question 8

Please explain any variations of more than  $\pm 10$  per cent (or greater than \$100 million) between the revised estimate for 2015-16 and the budget for 2016-17 for the following line items in the Department's operating statement in the Statement of Finances budget paper:

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

	<b>2015-16 (revised estimate)</b>  <b>(\$ million)</b>	<b>2016-17 (Budget)</b>  <b>(\$ million)</b>	<b>Explanation for any variances greater than <math>\pm 10\%</math> (or greater than \$100 million)</b>
Employee benefits	387	381	Not applicable.
Grants and other transfers	626	665	Not applicable.
Other operating expenses	574	569	Not applicable.
CAC and depreciation	145	142	Not applicable.
Major components of 'other operating expenses' (please supply categories):			
Supplies and Services	464	415	The reduction in supplies and services in 2016-17 is primarily due to variations in cash flows for a number of existing initiatives.
Other Expenses	110	153	The movement in 2016-17 predominantly relates to the rephasing of the Goulburn-Murray Water Connections Project from 2015-16.

**Note: The 2015-16 revised estimate includes EPA expenditure. From 2016-17 onwards, the statement of finances does not include the Environment Protection Authority. This reflects the reclassification of Environment Protection Authority expenditure following the transfer of the Sustainability Fund to the Department of Environment, Land, Water and Planning.**

If the Department is unable to provide estimates for the components of 'other operating expenses' in 2016-17, please explain how the amount of 'other operating expenses' listed for 2016-17 in the budget papers was calculated.

Not applicable.

#### Question 9

For the line item 'payments for non-financial assets' for 2016-17 in the departmental cash flow statement in the Statement of Finances budget paper, please identify the amount that is expected to be funded using funds carried over from 2015-16.

An amount of \$16.8 million is estimated to be carried over from 2015-16 into 2016-17.

#### Question 10

In relation to the break-down of expenses from transactions disaggregated by government purpose classification in the budget papers, please provide details of the Department's component of the expenses in each category for 2015-16 and 2016-17. Please explain any variations between the years that are greater than  $\pm 10$  per cent (or greater than \$100 million) between 2015-16 and 2016-17 estimates.

For reference, the relevant information was in Note 12(a) to the general government sector consolidated operating statement the 2015-16 Statement of Finances budget paper, p.34.

<b>Government purpose classification</b>	<b>2014-15 actual (\$ million)</b>	<b>2015-16 revised estimate (\$ million)</b>	<b>2016-17 Budget (\$ million)</b>	<b>Explanation for any variances greater than <math>\pm 10\%</math> (or greater than \$100 million) between 2015-16 and 2016-17 estimates.</b>
General public services	0.5	(0.1)	(0.1)	Not applicable.
Public order and safety	355.3	346.0	360.2	Not applicable.
Education	-	-	-	
Health	-	-	-	
Social security and welfare	-	-	-	
Housing and community amenities	1,007.6	1,387.6	1,397.7	Not applicable.
Recreation and culture	-	-	-	
Fuel and energy	-	-	-	
Agriculture, forestry, fishing and hunting	227.6	-	-	The Agriculture portfolio was transferred to DEDJTR on 1 January 2015.

Transport and communications	-	-	-	
Other economic affairs	-	-	-	
Other purposes	-	-	-	

**Note: The 2015-16 revised estimate includes EPA expenditure. From 2016-17 onwards, the statement of finances does not include the Environment Protection Authority. This reflects the reclassification of Environment Protection Authority expenditure following the transfer of the Sustainability Fund to the Department of Environment, Land, Water and Planning.**

## 4. Expenditure reduction measures

### Question 11

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 2016-17 to meet the various savings targets
- (b) any impact that these actions will have on the delivery of services during 2016-17
- (c) the Department's savings target for 2016-17, with an explanation for any variances between the current target and what was originally published in the budget papers when the initiative was released. If the change in Government affected the implementation of these measures, please provide a more detailed explanation.

Initiative	Actions the Department will take in 2016-17	Impact of these actions on service delivery in 2016-17	Savings target for 2016-17 (\$ million)	Explanation for variances to the original target
Efficiency and expenditure reduction measures in 2013-14 Budget (2013-14 BP3 pp.62-4)	These measures will continue to be achieved through implementation of efficiency initiatives and corporate reform.	The impact of the savings imposed has contributed to a decrease in investment in the Department, and in particular, the environment portfolio.  This included no new funding being provided for climate change initiatives between 2011-12 and 2014-15.  Parks Victoria was also subjected to a reduction in annual funding provided for annual maintenance, renewal and upgrades.	36.6	No variation.
Efficiency measures in 2013-14 Budget Update (2013-14 BU pp.129-30)	Not applicable.	Not applicable.	-	Not applicable.

Efficiency and expenditure reduction measures in 2014-15 Budget (2014-15 BP3 p.79)	Not applicable.	Not applicable.	-	Not applicable.
Efficiency and expenditure reduction measures in 2015-16 Budget (BP3 pp.105-7)	These measures will continue to be achieved through implementation of efficiency initiatives and corporate reform.	No material impact on service delivery.	1.5	No variation.
Department of Environment, Land, Water and Planning – department expenditure reductions	Not applicable.	Not applicable.	-	Not applicable.

### Question 12

In relation to any programs or initiatives that have been reprioritised, curtailed or reduced for 2016-17 (including lapsing programs), please identify:

- (a) the amount expected to be spent under the program or initiative during 2016-17 at the time of the 2015-16 Budget
- (b) the amount currently expected to be spent under the program or initiative during 2016-17
- (c) the use to which the reprioritised funds will be put. Please include the name(s) of any program or initiative that will be funded or partially funded through the reprioritisation.

Program/initiative that has been reprioritised, curtailed or reduced	the amount expected to be spent under the program or initiative during 2016-17:		The use to which the reprioritised funds will be put
	at the time of the 2015-16 Budget	at the time of the 2016-17 Budget	
Not applicable. For lapsing programs, see response to Question 3.			

Question 13

In relation to any funding from reprioritisation of existing resources in the 2016-17 Budget for your department, please provide the following information in relation to each initiative, program or project from which \$1.0 million or more of funding has been reprioritised. In describing initiatives, please use the same names as are used in the budget papers.

For reference, the aggregated information was in Table 4.4 (net impact of the *2015-16 Budgetnew* output initiatives) in 2015-16 Budget Paper No.2.

<b>Initiative, program or project for which funding was initially provided</b>	<b>Amount reprioritised for 2016-17 (\$ million)</b>	<b>Amount reprioritised for 2017-18 (\$ million)</b>	<b>Amount reprioritised for 2018-19 (\$ million)</b>	<b>Amount reprioritised for 2019-20 (\$ million)</b>
Not applicable. As above				

## 5. Output and asset initiative funding

### Question 14

Please list the factors that contributed to changes in total income from transactions reported in departmental operating statements in the budget papers between 2015-16 and 2016-17, as in the following table:

	Amount		Explanation
	(per cent)	(\$ million)	
Total income from transactions 2015-16	n/a	1,644.3	
New output initiative funding	13.9	229.0	Relates to output initiatives announced as part of the 2016-17 Budget.
Savings and efficiency measures	-	-	Not applicable.
Inflation adjustment	-	-	Not applicable.
Other (please specify)	(5.5)	(91.1)	The movement is primarily due to the completion of a number of initiatives as well non-recurring supplementation received in 2015-16.
Grants	19.4	319.4	The change in grant payments is primarily due to the rephasing of the Goulburn-Murray Water Connections Project from 2015-16.
Total income from transactions 2016-17	n/a	2,101.6	

**Note: The 2015-16 revised estimate includes EPA expenditure. From 2016-17 onwards, the statement of finances does not include the Environment Protection Authority. This reflects the reclassification of Environment Protection Authority expenditure following the transfer of the Sustainability Fund to the Department of Environment, Land, Water and Planning.**

Question 15

Please provide the following details of any outputs for which output resources allocation reviews or base reviews (as described in BFMG-05) were completed, or expected to be completed, in 2015-16:

(a) output resources allocation reviews

Output(s)	How the review was initiated	Changes as a result	Reasons for the change
Not applicable.			

(b) base reviews

Output	How the review was initiated	2015-16 base funding (\$ million)	2016-17 base funding (\$ million)	Reasons for the change
Not applicable.				



### Question 16

In relation to the asset initiatives released in the 2016-17 Budget for the Department (as detailed in the Service Delivery budget paper), please quantify the amount of funding for those initiatives that is expected to come from the Department's own sources (such as depreciation, applied appropriations which have not been spent or other sources) and the amount of new funding provided specifically for these initiatives in this budget.

For reference, asset initiatives released in the 2015-16 Budget for the Department were detailed in *Budget Paper No.5:2015-16 Statement of Finances*.

	<b>2015-16</b> <b>(\$ million)</b>	<b>2016-17</b> <b>(\$ million)</b>	<b>2017-18</b> <b>(\$ million)</b>	<b>2018-19</b> <b>(\$ million)</b>	<b>2019-20</b> <b>(\$ million)</b>	<b>TEI</b> <b>(\$ million)</b>
Funding from the Department's own sources	-	-	-	-	-	-
New funding specifically for these initiatives in 2016-17 Budget	4.1	54.6	87.5	62.7	21.0	239.4
Total asset initiatives (as in Service Delivery budget paper)	4.1	54.6	87.5	62.7	21.0	239.4

### Question 17

- (a) Please quantify the Department's balance of applied appropriations unspent as at 30 June 2015 as defined in the notes to note 39(a) of the 2014-15 Financial Report for the State, along with estimates for the equivalent figures as at 30 June 2016 and 2017.

	<b>2015</b> <b>(\$ million)</b>	<b>2016</b> <b>(\$ million)</b>	<b>2017</b> <b>(\$ million)</b>
Applied appropriations unspent as at 30 June – Output	78.9	59.5	To be determined
Applied appropriations unspent as at 30 June – Capital	27.1	18.7	To be determined
Applied appropriations unspent as at 30 June – On behalf of the state	8.7	6.9	To be determined

- (b) Please indicate the intended use of these amounts.

Applied appropriations unspent as at 30 June 2015 have been fully spent for the purposes requested. The amount forecast for the applied appropriations as at 30 June 2016 is expected to be fully spent in 2016-17.

## 6. Public private partnership expenditure

### Question 18

Please identify the PPP projects that are being managed by the Department or its controlled entities:

- (a) Under construction (including in planning)

Not applicable.

- (b) In operation (commissioned).

Victorian Desalination Plant.

### Question 19

For each line item in the Department's comprehensive operating statement or statement of cash flows which includes expenditure on all PPP projects in 2016-17 or across the forward estimates period, please identify:

- the line item
- the value of expenditure (**including staff costs**) on PPP projects included within that line item
- what the expenditure is for (for example, labour costs, payment of interest, payment of capital, purchases of services, payment of contracted penalties etc.).

For reference, the Department's comprehensive operating statement or statement and cash flows were detailed in *Budget Paper No.5:2015-16 Statement of Finances*.

Line item	2015-16 revised (\$ million)	2016-17 (\$ million)	2017-18 (\$ million)	2018-19 (\$ million)	2019-20 (\$ million)	Explanation
PPPs under construction (including in planning)						
Not applicable.						
PPPs in operation						
Expenses on behalf of the State (Administered expenses)	112.8	116.8	120.7	131.5	136.0	Payment to AquaSure for operating and maintenance costs of the Victorian Desalination Project. Note: this does not yet include the impact of the recent water order for 2016-17.

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Interest and Depreciation expense (Administered expenses)	462.9	448.4	443.6	438.2	432.1	Finance lease interest for the Victorian Desalination Project.
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## 7. Revenue

### Question 20

Please disaggregate the Parliamentary Authority for the Department for 2016-17 as in the table below.

	<b>Provision of outputs</b>	<b>Additions to the net asset base</b>	<b>Payments made on behalf of the State</b>	<b>Total</b>
Annual appropriations	1,101.4	87.7	629.3	1,818.4
Receipts credited to appropriations	115.0	2.9	-	117.9
Unapplied previous years appropriation	59.5	18.7	6.9	85.1
Accumulated surplus – previously applied appropriation	-	-	-	-
Gross annual appropriation (sum of previous 4 rows)	1,275.9	109.5	636.2	2,021.6
Special appropriations	62.3	-	-	62.3
Trust funds	n/a	n/a	n/a	1,361.8
Total parliamentary authority (sum of previous 3 rows)	1,338.2	109.5	636.2	3,445.7

(a) available in the 'Parliamentary authority for resources' table for the Department in Budget Paper No.3.

(b) available in Appendix A of Budget Paper No.5.

### Question 21

In relation to 2016-17, please outline any new revenue-raising initiatives released in the 2016-17 Budget. For each initiative, please explain:

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

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

Initiative/change	Reasons for the initiative/change	Underlying assumptions	Impact of changes on service delivery	Performance measures or targets altered	Anticipated total value of revenue gained/foregone
Continuation of the Environmental Contribution	Current tranche of Environmental Contribution ceasing on 30 June 2016. Government has made a decision to continue the Environmental Contribution through establishing a new, fourth tranche from 1 July 2016.	Continuation of existing settings in 2015-16.	Continuation of the Environmental Contribution will enable Government to continue to promote sustainable management of water and address adverse water-related environmental impacts.	<p>The continuation of the Environmental Contribution funded initiatives ensures the continuation of performance measures currently in place including:</p> <ul style="list-style-type: none"> <li>• Area of waterway vegetation works undertaken to improve the health and resilience of waterways;</li> <li>• Number of sites with environmental water managed to meet environmental objectives; and</li> <li>• Water information products (including annual water accounts, water resource condition reports and water monitoring materials) delivered for greater accountability in sustainable water resource management.</li> </ul>	\$112 million in 2016-17

Question 22

In relation to 2016-17, please outline any other major changes to existing revenue initiatives. For each change, please explain:

- (a) the reasons for the change
- (b) the assumptions underlying the reasons
- (c) the impact of any changes on service delivery (that is, please detail all programs/projects that have been revised as a result of the change)
- (d) any performance measures or targets altered as a result of the change
- (e) the anticipated total value of revenue gained/foregone as a result of the change.

Where possible, please use names for programs or initiatives as are used in the budget papers.

<b>Change</b>	<b>Reasons for the change</b>	<b>Underlying assumptions</b>	<b>Impact of changes on service delivery</b>	<b>Performance measures or targets altered</b>	<b>Anticipated total value of revenue gained/foregone</b>
Not applicable.					

Question 23

In relation to 2016-17, 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 reasons
- (c) the impact of any initiatives/changes on service delivery (that is, please detail all programs/projects that have been revised as a result of changes to existing revenue initiatives)
- (d) any performance measures or targets altered as a result of the initiative/change
- (e) 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.

<b>Initiative/change</b>	<b>Reasons for the initiative/change</b>	<b>Underlying assumptions</b>		<b>Impact of changes on service delivery</b>	<b>Performance measures or targets altered</b>	<b>Anticipated total value of revenue gained/foregone</b>
Not applicable.						



### Question 24

For the Department's income categories, as per 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  $\pm 10$  per cent or \$100 million between the revised estimate for 2015-16 and the budget for 2016-17.

Income category	Revised estimate for 2015-16 (\$ million)	Estimate for 2016-17 (\$ million)	Explanation
Output appropriations	1,142	1,276	The movement relates to output initiatives announced as part of the 2016-17 Budget.
Special appropriations	49	62	This movement relates to an increase in funding available to the Growth Areas Public Transport Fund and the Building New Communities Fund raised by the Growth Areas Infrastructure Contribution.
Interest	22	21	Not applicable.
Sale of goods and services	65	43	The movement relates to the inclusion of the Sustainability Fund in DELWP.
Grants	75	394	The movement primarily relates to the re-cashflow of funding arrangement for the Goulburn-Murray Water Connections Projects from 2015-16.
Other income	293	305	Not applicable.
<p><b>Note: The 2015-16 revised estimate includes EPA expenditure. From 2016-17 onwards, the statement of finances does not include the Environment Protection Authority. This reflects the reclassification of Environment Protection Authority expenditure following the transfer of the Sustainability Fund to the Department of Environment, Land, Water and Planning.</b></p>			

### Question 25

What impact have developments at the Commonwealth level had on the Department's component of the 2016-17 State Budget?

The Department experienced a variance in grants to local governments received from the Commonwealth into the Commonwealth Local Government Projects Trust Account in 2015-16. Half of the amount scheduled for payment in 2015-16 was prepaid in 2014-15, therefore resulting in a reduction to the current years revised budget.

This resulted in a once-off variation in grants in 2015-16 from historical funding levels (an expected \$539 million reduced to \$270 million).

The Commonwealth Budget is due to be released on 3 May 2016. Any other impacts on the Department (if any) will be clearer after this date.

## 8. Performance measures

### Question 26

For each initiative (asset or output) in the 2016-17 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.

<b>Initiative</b>	<b>Related performance measures</b>
Community driven action to protect Victoria's unique biodiversity	<p>Area treated to minimise the impact of pest plants, pest animals and over abundant native animals in parks managed by Parks Victoria</p> <p>Visits to Parks Victoria managed estate</p> <p>Area of revegetation protected or enhanced through departmental-supported Landcare activities</p>
Revitalising infrastructure in the State's parks estate	<p>Visits to Parks Victoria managed estate</p> <p>Total area of estate managed by Parks Victoria</p> <p>Significant built bay assets managed by Parks Victoria rated in average to excellent condition</p> <p>Significant built park assets managed by Parks Victoria rated in average to excellent condition</p>
Bushfire preparedness and response activities	<p>Fires contained at less than 5 hectares to suppress fires before they become established, minimising impact</p> <p>Fires contained at first attack to suppress fires before they become established, minimising impact</p> <p>Statewide bushfire risk is maintained at or below the target</p>
A sustainable irrigation future	<p>Cumulative water savings (permanent reduction in irrigation distribution system delivery losses) realised through water recovery projects</p> <p>Proportion of properties directly connected to the modernised irrigation delivery system (in the Goulburn-Murray and Macalister Irrigation districts)</p> <p>Manage Victoria's salinity impacts in the Murray Darling Basin so that Victoria is compliant with the Murray Darling Basin Agreement</p>
Improving the health of waterways in regional Victoria	<p>Area of waterway vegetation works undertaken to improve the health and resilience of waterways</p> <p>Sites where works have been undertaken to improve instream health</p> <p>Number of sites with environmental water managed to meet environmental objectives</p> <p>People engaged to increase the knowledge/capacity of waterway management</p>
Smart Planning Program	Median number of days taken by the department to assess a planning scheme amendment received in this financial year
Living Heritage Grants	Places or objects assessed for the Victorian Heritage Register

## Question 27

For each quality, quantity or timeliness performance measure newly introduced in the 2016 17 Budget, please attach any supporting documentation the Department has produced in developing the measure, such as:

- (a) a description of the measure, including the data that support it, assumptions made, and how the data are collected and transformed
- (b) if the measure is a ratio (including a percentage), please include a description of the numerator and denominator series that provide the ratio
- (c) how the measure evaluates the performance of the Department or the task faced by the Department
- (d) the process the Department employed to set a target or anticipated result for this measure
- (e) a description of what constitutes good performance and how the performance measure indicates this
- (f) any shortcomings of the measure
- (g) how the department intends to estimate the 'expected outcome' of the measure at the time of the 2017-18 Budget
- (h) how the department intends to evaluate the effectiveness of the measure in the future.

### **Victoria in Future prepared to support infrastructure and service delivery planning**

This new measure has been introduced to assess the timeliness of the department's preparation of annual population and household projection data which supports informed decision making for the future growth and transformation of cities and regions.

Victoria in Future is the official State Government projection of population and households. It includes projections for the state and more than 400 sub-state areas, for a horizon of up to 40 years into the future. These projections are used by decision makers and planners across government and related agencies for infrastructure and service delivery planning.

Victoria in Future has been produced since 1996 with 2015 the first in the annual series. This new measure requires the department to prepare the official State Government projection of population and household data by June 2017.

Victoria in Future projections are based on internal data sources as well as data from the Australian Bureau of Statistics, the Department of Immigration and Border Protection and Local Government. The department's population and household modelling is based on a best practice approach and developed collaboratively with expert advice including the Population Projections Advisory Committee that includes representatives from all state government departments. Production is an annual cycle dependent on the timing of data release culminating in final production in the last quarter of each financial year.

There are no known material shortcomings of this new measure.

In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance and consistency with departmental objectives.

### **Number of conservation projects funded for 'at risk' State significant heritage places and objects**

This new measure has been introduced to assess the performance of the department's Living Heritage Grants program. This new grants program will specifically target 'at risk' State significant heritage places and objects and it is estimated that 24 projects could be funded in the first year (depending on the types and sizes of the projects).

The 2016-17 Living Heritage grants programs follows an audit of 'at risk' heritage places and objects funded as part of the 2015-16 Budget. The audit completed in 2015 involved a detailed investigation of 150 places on the Victorian Heritage Register identified as being in poor or very poor condition through consultation with the National Trust, the Heritage Council of Victoria and other stakeholders. The audit involved an assessment of condition of each place, and the identification of essential maintenance and repair requirements.

The grants program will be evaluated in 2018-19. Both qualitative and quantitative information will be collected as part of the evaluation of the program and it is expected that detailed case studies will be compiled showcasing examples of successful outcomes.

There are no known material shortcomings of this new measure.

In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance and consistency with departmental objectives.

### **Projects delivered through the Planning support for councils initiative that meet agreed project objectives**

This new measure has been introduced to assess the effectiveness of the support provided by the department to help regional and rural councils to facilitate development proposals through the planning system, undertake strategic planning work and build capacity and capability.

The measure specifically monitors the delivery of approved projects against agreed project milestones.

The department maintains a range of data sets to monitor performance, including Victorian Planning Permit Activity reporting data and amendments tracking data. Additional data sets, covering user satisfaction data, customer complaints, quality and compliance of amendments upon submission for assessment data and development holding costs data will also be developed to help monitor and track departmental performance.

There are no known material shortcomings of this new measure.

In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance and consistency with departmental objectives.

### **Proportion of planning applications that proceed through VicSmart**

This new measure has been introduced to monitor the proportion of planning applications that proceed through the VicSmart stream.

VicSmart is a streamlined assessment process for straightforward planning permit applications. Classes of application are identified in the planning scheme as being VicSmart and have specified requirements for information, assessment processes and decision guidelines. Key features of VicSmart include:

- a 10 day permit process
- applications are not advertised
- information to be submitted with an application and what council can consider is pre-set
- the Chief Executive Officer of the council or delegate decides the application.

Funding provided in the 2016-17 Budget for the Smart Planning program 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.

An initial target of 7 per cent has been set for 2016-17 and it is anticipated that the proportion of planning permit applications will increase over time as reforms aimed at streamlining the planning system take hold.

The department maintains a range of data sets to monitor performance, including Victorian Planning Permit Activity reporting data and amendments tracking data. Additional data sets, covering user satisfaction data, customer complaints, quality and compliance of amendments upon submission for assessment data and development holding costs data will also be developed to help monitor and track departmental performance.

There are no known material shortcomings of this new measure.

In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance and consistency with departmental objectives.

#### **Percentage of planning scheme amendments that are correct upon submission for approval**

The department maintains a range of data sets to monitor performance such as planning scheme amendments tracking data. Additional data sets, covering user satisfaction data, customer complaints, quality and compliance of amendments upon submission for assessment data will also be developed to help monitor and track departmental performance.

The staging of the development of an end-to-end lodgement, management and approval system for planning scheme amendments is critical to achieving this performance measure and the benefits that accrue.

There are no known material shortcomings of this new measure.

In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance and consistency with departmental objectives.

#### **Planning permit applications for new wind farms (excluding call-ins) prepared for determination within 45 days after completion of public notice and receipt of council response to public notice**

This new measure has been introduced to assess the timeliness of the department's work to prepare planning permit applications for new wind farms (excluding call-ins) for determination.

The department maintains a range of data sets to monitor performance, including Victorian Planning Permit Activity reporting data, amendments tracking data and Greenlight permit data. Additional data sets, covering user satisfaction data, customer complaints and development holding costs data will also be developed to help monitor and track departmental performance.

There are no known material shortcomings of this new measure.

In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance and consistency with departmental objectives.

#### **Delivery of policy, advice and research on climate change within agreed timeframes**

This new measure has been introduced to assess the timeliness of the department's policy, advice and climate change research and the percent of project milestones delivered on time.

This measure proposes a target of 80 per cent and tracks the delivery of key projects and initiatives, such as the review of the Climate Change Act and the development of the second Climate Change Adaptation Plan, which are critical to reinstating Victoria as a leader in climate change action.

There are no known material shortcomings of this new measure.

In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance and consistency with departmental objectives.

**Statewide bushfire risk is maintained at or below the target**

This performance measure has been introduced as part of a new approach to reducing bushfire risk in Victoria, detailed in the Government's policy statement *Safer Together*. The new measure addresses recommendations from the Inspector-General for Emergency Management that a risk reduction target is the most effective form of performance target for bushfire fuel management on public land to protect life, property and the environment.

For fuel management on public land, the government will set a statewide target to maintain bushfire risk at, or below, 70 per cent of Victoria's maximum bushfire risk. Based on the current assessment of risk, this will involve treating between 225,000 and 275,000 hectares in 2016-17. Where and how much land needs to be treated to keep bushfire risk at 70 per cent will vary each year based on fire history, fuel loads and climate.

Note achievement of performance measures associated with fire and emergency management are influenced by seasonal and climatic conditions.

For further information on the this proposed new measure, please see the attached documents *Review of Performance Targets for Bushfire Fuel Management on Public Land* by the Inspector-General for Emergency Management, *Safer Together* and *Measuring Bushfire Risk in Victoria*.

In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance and consistency with departmental objectives.

## 9. Staffing matters

### Question 28

Please fully complete the table below, providing actual FTE staff numbers at 30 June 2015 and estimates of FTE staff numbers (broken down by the categories listed below) at 30 June 2016 and 30 June 2017 for the Department. Please provide figures consolidated on the same basis as the expenditure for the Department in the budget papers.

<b>Grade</b>	<b>30 June 2015 (Actual FTE number)</b>	<b>30 June 2016 (Expected FTE number)</b>	<b>30 June 2017 (Forecast FTE number)</b>
Secretary	1.0	1.0	1.0
EO-1	2.0	2.0	2.0
EO-2	33.6	31.4	31.4
EO-3	25.5	22.5	22.5
VPS Grade 7 (STS)	23.8	22.8	22.8
VPS Grade 6	461.8	489.6	489.6
VPS Grade 5	602.2	645.4	645.4
VPS Grade 4	613.9	647.6	647.6
VPS Grade 3	588.3	599.2	599.2
VPS Grade 2	167.5	180.3	180.3
VPS Grade 1	2.1	3.0	3.0
Other (Please specify)	437.9	420.5	420.5
<b>Total</b>	<b>2,959.7</b>	<b>3,065.3</b>	<b>3,065.3</b>
<p>“Other” contains Field Staff, Project Fire Fighters, Principal Scientists, Wild Dog Controllers, Science Adaptive Classifications, Legal Adaptive Classifications and Trainees.</p>			

### Question 29

Please break down the actual staff numbers in your department as at 30 June 2015 and the estimates as at 30 June 2016 and 2017 according to the number of staff that are ongoing, fixed-term or casual.

	<b>30 June 2015</b> <b>(Actual FTE number)</b>	<b>30 June 2016</b> <b>(Expected FTE number)</b>	<b>30 June 2017</b> <b>(Forecast FTE number)</b>
Ongoing	2,683.7	2,705.8	2,705.8
Fixed-term	272.4	353.6	353.6
Casual	3.6	5.9	5.9
<b>Total</b>	<b>2,959.7</b>	<b>3,065.3</b>	<b>3,065.3</b>
Executives have been converted to "ongoing" as per FRD29 Workforce Disclosures.			

### Question 30

Please detail numbers (FTE) and the actual amount that the Department spent on contractors and consultants in 2013-14 and the estimated numbers and expenditure in 2015-16 and 2016-17. A definition of the difference between consultants and contractors is contained in FRD 22G – 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.

	<b>2014-15 Actual</b>		<b>2015-16 Expected</b>		<b>2016-17 Forecast</b>	
	<b>(\$ million)</b>	<b>FTE</b>	<b>(\$ million)</b>	<b>FTE</b>	<b>(\$ million)</b>	<b>FTE</b>
Consultants	0.340	n/a	0.607	n/a	-	n/a
Contractors	239.378	n/a	292.486	n/a	246.320	n/a

Note: the expected increase in the 2015-16 year is due to the severity of the bushfire season. The Department engages fire-fighting resources, such as bulldozers and aircraft, via contractual arrangements.

The Department does not collect data on FTE associated with consultants and contractors.

The amounts quoted above for 2015-16 and 2016-17 are estimated on a consistent basis as the presentation of contract and professional services expenses in the department's annual report.