

## **APPENDIX 1: FURTHER DEPARTMENTAL INFORMATION**



## 1.1 Department of Parliamentary Services

### ***Budget preparation***

#### **(1) Question**

What are the key budget themes underpinning the development of the budget that relate to your Department?

#### **(1) Response**

The key budget themes for 2009-10 are:

Maintenance of operation

Support Member's of Parliament

Projects to enhance infrastructure for services to Member's of Parliament

#### **(2) Question**

What impact have developments at the Commonwealth level, including initiatives under the COAG Reform Agenda, had on preparing the Department's component of the 2009-10 State budget?

#### **(2) Response**

Not Applicable. Parliament is not a service delivery Government department.

#### **(3) Question**

Please list the key assumptions (up to five) that have been used to develop the Department's projections for 2009-10.

#### **(3) Response**

No growth - Maintenance of operation

Adjustment of Member's of Parliament's budgets for CPI and changes in number of electors.

Projects to maintain and enhance services delivered to MPs – Heritage Asset Management Strategy and Web casting

#### **(4) Question**

- a) What are the key risks relating to the budget estimates and the economic forecasts (please quantify these where possible)?
- b) How have these risks been managed?
- c) Please describe the economic or key external factors that pose the greatest risk to the Department meeting its budget for 2009-10.
- d) How have these matters been addressed in framing the 2009-10 budget for your Department?

#### **(4) Response**

- a) Parliament is not a service delivery Government Department and generates no income nor does it enter into major contracts therefore there are no material risks relating to budgets estimates and the economic forecast.

There has been a significant increase in Long Service Leave liability due to reduction in the discount rate resulting from current economic conditions.

- b) Department of Treasury and Finance has advised that the increase in liability should be treated as unfunded liability.
- c) Further changes in discount rates may have an impact on Long Service Leave Liability. The outcome of Victorian Public Service Enterprise Bargaining Agreement (EBA) will affect the

outcome of Parliamentary Officers and Electorate Officers EBA which are currently being negotiated.

d) The result of the negotiations will determine the quantum of funding required.

**(5) Question**

How has the Department ensured that its budget for 2009-10 is reliable in terms of being:

- affordable;
- deliverable; and
- fiscally sustainable?

**(5) Response**

The 2009-10 budgets has been developed on the basis of no growth and has focussed on maintaining service levels within existing resources.

**(6) Question**

In relation to each of the Department's three largest budget initiatives for 2009-10 in terms of funding:

- What were the broad choices in terms of service delivery and relevant policy options that the Department was confronted with at the budget development stage;
- What were the costings of each policy option?
- Please explain the linkages to the areas identified in the Annual Statement of Government Intentions released by the Government in February 2009.

**(6) Response**

Not Applicable to Parliament

**(7) Question**

What programs, if any, have been deferred to future years to reduce financial pressures on the budget and achieve targeted budget surpluses?

**(7) Response**

Not Applicable to Parliament

**Asset funding**

**(8) Question**

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2009-10, including each project's TEI. Please include the budget allocation for each.

**(8) Response**

None

**(9) Question**

What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the Department's responsibilities?

**(9) Response**

Maintenance of the Parliament House

Maintaining currency of Information Technology infrastructure

**(10) Question**

Has the Department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the Department's operations? If so, please provide details of the findings.

**(10) Response**

A project to develop a Master plan for the Parliamentary Precinct has been put to tender. Tender responses are being evaluated as this response is prepared. The master Plan is intended to provide a comprehensive framework to guide all asset investment within the Parliament Precinct.

**(11) Question**

In relation to the unapplied output and asset funding carried forward to 2009-10, please provide:

- a breakdown of the carried forward funding for both output and asset initiatives;
- the underlying reasons for the Department's funding carryover for each category; and
- the intended revised timing for use of the carried forward funds, including project specific details for asset initiatives.

**(11) Response**

Only output funding related to the Electorate Office and Communications budgets of Members of the Parliament has been carried forward.

No asset funding carried forward

It is expected that the funding will be fully spent in 2009-10.

Unspent Electorate Office and Communications budgets of Members of the Parliament.

***Efficiencies, savings and productivity improvement***

**(12) Question**

In relation to the estimated efficiencies to be derived in 2009-10 (including from the various measures that fall under the umbrella of the Efficient Government policy and the other targeted initiatives), please provide:

- a) a breakdown of all planned efficiency savings for 2009-10 according to the various measures of efficiency that apply to the Department's operations as identified in the 2007-08 and 2008-09 Budgets, and in new measures introduced in the 2009-10 Budget;
- b) an explanation of:
  - how decisions regarding applicable savings measures are to be made;
  - the nature of their expected impact on programs, for example, programs expected to be accelerated, deferred or discontinued; and
  - the basis for estimating the savings target to be achieved for each measure;
- c) particulars of any changes to the Department's allocated savings for 2009-10 from the data shown in the 2007-08 and 2008-09 Budgets; and
- d) a description of any areas earmarked for productivity improvement in 2009-10.

**(12) Response**

- a) As Parliament's funding is mostly directly applied to MP's budgets or to provide services to MP's (e.g. rental of electorate offices; employment of electorate officers; motor vehicles, etc). The discretionary budgets available to parliamentary Departments are a small proportion of the total. Therefore most savings initiatives relate to small amounts that reflect incremental changes in operational expenditure.
- b) Budget savings are determined within each Parliamentary Department in consultation with relevant stakeholders. Typically overall budget parameters are discussed and endorsed by the Parliamentary executive Group (PEG) and where necessary, by the Presiding Officers.

**Environmental challenges**

**(13) Question**

- a) What are the key environmental issues that are predicted to have an impact on services delivered by the Department's portfolios in 2009-10?
- b) How have these issues been addressed in the Department's budget estimates for 2009-10?
- c) Please list up to five projects or programs worth over \$1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2008-09 and 2009-10 for existing projects if applicable).

**(13) Response**

- a) As Parliament is not a service delivery Government department, the key environmental issues relate to the operations of the Parliamentary Precinct and to the service infrastructure.
- b) Not addressed through budget initiatives. Environmental objectives are being pursued progressively by building sustainability principles into all routine operations eg. any new IT equipment purchased or leased must conform to sustainability principles and provide an improved environmental footprint.
- c) Nil

**(14) Question**

What initiatives are planned by the Department in 2009-10 to enhance reporting of the mandatory and optional office-based environmental indicators identified in FRD 24C?

**(14) Response**

FRD 24C applies to "all entities as defined in part (a) of the definition of "department" under section 3 of the Financial Management Act 1994 (FMA) and to the environmental agencies". Parliament is not a "department" nor "an environmental agency" and is therefore not required to comply with FRD24C.

However, Parliament voluntarily has adopted a Sustainability Framework that includes the development of measuring and reporting capabilities for environmental indicators. Reports are included in annual reports and other publications.

**Spending**

**(15) Question**

Please outline any major expenditure policy shifts in 2009-10. In relation to these, please explain:

- the assumptions underpinning the policy decision;
- alternative scenarios considered; and
- fiscal effects.

**(15) Response**

Not applicable to Parliament

**(16) Question**

What processes have been applied by the Department to ensure that new programs have been rigorously costed?

**(16) Response**

Asset initiatives are costed based on public tenders.

**(17) Question**

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2008-09 and the target for 2009-10 for individual outputs.

**(17) Response**

Nil.

**(18) Question**

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2008-09 and the budget for 2009-10, please provide an explanation.

**(18) Response**

Nil.

**(19) Question**

Please provide a tabular dissection of the Department's 2009-10 budget and expected expenditure for 2008-09 under the Government's key themes presented annually in the Victorian Budget Overview differentiating between new funding initiatives and ongoing funding.

**(19) Response**

Not applicable. Parliament is not a service delivery Government department.

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

**(20) Question**

In terms of any major revenue policy changes contained in the 2009-10 budget relating to revenue generation, tax expenditures or concession and subsidies, please explain:

- the assumptions underlying the analysis;
- alternative scenarios considered; and
- the fiscal effect of any tax changes.

**(20) Response**

Not applicable. Parliament is not a service delivery Government department.

**(21) Question**

- In relation to 2009-10, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.

- Please outline the actual and expected financial impact in 2009-10 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the Department.

**(21) Response**

Not Applicable. Parliament is not a service delivery Government department.

**(22) Question**

Please provide a listing of any revenue measures (taxation, fees, fines etc) or any concessions (or subsidies) where changes are more or less than the cost of living adjustment (include the value of such measures and the percentage change).

**(22) Response**

Not Applicable. Parliament is not a service delivery Government department.

**(23) Question**

For the Department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2008-09 and the budget for 2009-10.

**(23) Response**

Not Applicable. Parliament is not a service delivery Government department.

***Regional and rural considerations***

**(24) Question**

- a) What are the critical issues facing regional and rural communities in 2009-10 that depend on services provided by the department (please provide comment relating to particular areas of the State where applicable)?
- b) How does the Department's 2009-10 budget address these issues?

**(24) Response**

- a) Parliament delivers no services. Only concern is the network of Member's of Parliament's Offices across the State. These are maintained to an agreed standard.
- b) The Department of Parliamentary Services (DPS) schedules a number of relocations and refurbishments of electorate offices on an annual basis. A consistent budget allocation is made annually to support this schedule. As DPS operates in a relatively stable financial and operational environment, there is little change to the schedule or budgeted amounts outside of an election year.

**(25) Question**

Please provide a table showing for up to five of the Department's largest projects (in terms of expenditure) benefiting regional and rural Victoria the:

- budget allocation for 2009-10 dissected between new and existing projects;
- the purpose of each project;
- how the funding is to be spent; and
- the performance measures in place to assess performance.

**(25) Response**

Not applicable to Parliament.



## ***Performance measures***

### **(26) Question**

Please provide the rationale for any change in performance measures presented in the budget papers for 2009-10 (including new and discontinued measures).

### **(26) Response**

No changes.

### **(27) Question**

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2008-09 and the target for 2009-10, please provide the reasons for the variance.

### **(27) Response**

All 2009-10 targets are within 10% of the 2008-09 expected outcomes.

## ***Staffing matters***

### **(28) Question 9.1**

Please fully complete the table below, providing actual EFT staff numbers at 30 June 2008 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2009 and 30 June 2010 for the department and its major budget funded agencies.

### **(28) Response**

Report on the 2009-10 Budget Estimates

Classification	30-Jun-08 (Actual) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total
<b>Legislative Assembly</b>					
Grade 1	0.58				0.58
Grade 2.	17.00			1.20	18.20
Grade 3	5.00				5.00
Grade 4	2.00	1.00			3.00
Grade 5	1.00				1.00
Grade 6	1.80			0.20	2.00
Executive Officer Grade 3	1.00				1.00
Executive Officer Grade 2 etc.	1.00				1.00
Members of Parliament	71.00	0.00	0.00	0.00	71.00
<b>Legislative Council</b>					
Grade 1	1.00				1.00
Grade 2.	9.00				9.00
Grade 3	4.00			1.00	5.00
Grade 4	1.00	1.00			2.00
Grade 5	1.00	0.60			1.60
Grade 6	3.00				3.00
Executive Officer Grade 3	1.00				1.00
Executive Officer Grade 2 etc.	1.00				1.00
Members of Parliament	36.00	0.00	0.00	0.00	36.00
<b>Parliamentary Services</b>					
Grade 1					0.00
Grade 2.	15.00	0.60		3.40	19.00
Grade 3	22.10	3.60		1.50	27.20
Grade 4	19.00				19.00
Grade 5	24.20	1.00		3.00	28.20
Grade 6	16.00				16.00
Sessional Staff			6.90		6.90
Electorate Officers	245.91	6.26		4.83	257.00
Executive Officer Grade 3	3.00				3.00
Executive Officer Grade 2 etc.		1.00			1.00
<b>Joint Investigatory Committees</b>					
Grade 1					0.00
Grade 2.	0.60	1.00			1.60
Grade 3	13.00	2.40		0.60	16.00
Grade 4					0.00
Grade 5	17.80			2.20	20.00
Grade 6	11.00	1.00			12.00
Executive Officer Grade 3					0.00
Executive Officer Grade 2 etc.					0.00

Classification	30-Jun-09 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total
<b>Legislative Assembly</b>					
Grade 1	0.58				0.58
Grade 2.	16.00			2.20	18.20
Grade 3	5.00			2.00	7.00
Grade 4	2.00	1.00		1.00	4.00
Grade 5	1.00				1.00
Grade 6	2.00				2.00
Executive Officer Grade 3	1.00				1.00
Executive Officer Grade 2 etc.	1.00				1.00
Members of Parliament	71.00	0.00	0.00	0.00	71.00
<b>Legislative Council</b>					
Grade 1	1.00				1.00
Grade 2.	8.00	1.00			9.00
Grade 3	6.00				6.00
Grade 4	1.00	1.00			2.00
Grade 5	1.00				1.00
Grade 6	3.00				3.00
Executive Officer Grade 3	1.00				1.00
Executive Officer Grade 2 etc.	1.00				1.00
Members of Parliament	36.00	0.00	0.00	0.00	36.00
<b>Parliamentary Services</b>					
Grade 1					0.00
Grade 2.	12.80			2.20	15.00
Grade 3	23.30	5.20		3.10	31.60
Grade 4	20.00			1.00	21.00
Grade 5	24.00	2.00		2.20	28.20
Grade 6	15.00				15.00
Sessional Staff			7.10		7.10
Electorate Officers	245.24	5.30		6.46	257.00
Executive Officer Grade 3	3.00				3.00
Executive Officer Grade 2 etc.		1.00			1.00
<b>Joint Investigatory Committees</b>					
Grade 1					0.00
Grade 2.	0.60	1.00			1.60
Grade 3	12.00	2.00		3.00	17.00
Grade 4					0.00
Grade 5	12.60	5.00		1.40	19.00
Grade 6	11.80			0.20	12.00
Executive Officer Grade 3					0.00
Executive Officer Grade 2 etc.					0.00

Classification	30-Jun-10 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total
<b>Legislative Assembly</b>					
Grade 1	0.58				0.58
Grade 2.	16.00			2.20	18.20
Grade 3	5.00			2.00	7.00
Grade 4	2.00	1.00		1.00	4.00
Grade 5	1.00				1.00
Grade 6	2.00				2.00
Executive Officer Grade 3	1.00				1.00
Executive Officer Grade 2 etc.	1.00				1.00
Members of Parliament	71.00	0.00	0.00	0.00	71.00
<b>Legislative Council</b>					
Grade 1	1.00				1.00
Grade 2.	8.00	1.00			9.00
Grade 3	6.00				6.00
Grade 4	1.00	1.00			2.00
Grade 5	1.00				1.00
Grade 6	3.00				3.00
Executive Officer Grade 3	1.00				1.00
Executive Officer Grade 2 etc.	1.00				1.00
Members of Parliament	36.00	0.00	0.00	0.00	36.00
<b>Parliamentary Services</b>					
Grade 1					0.00
Grade 2.	12.80			2.20	15.00
Grade 3	23.30	5.20		3.10	31.60
Grade 4	20.00			1.00	21.00
Grade 5	24.00	2.00		2.20	28.20
Grade 6	15.00				15.00
Sessional Staff			7.10		7.10
Electorate Officers	245.24	5.30		6.46	257.00
Executive Officer Grade 3	3.00				3.00
Executive Officer Grade 2 etc.		1.00			1.00
<b>Joint Investigatory Committees</b>					
Grade 1					0.00
Grade 2.	0.60	1.00			1.60
Grade 3	12.00	2.00		3.00	17.00
Grade 4					0.00
Grade 5	12.60	5.00		1.40	19.00
Grade 6	11.80			0.20	12.00
Executive Officer Grade 3					0.00
Executive Officer Grade 2 etc.					0.00

## 1.2 Department of Education and Early Childhood Development

### ***Budget preparation***

#### **(1) Question**

What are the key budget themes underpinning the development of the budget that relate to your Department?

#### **(1) Response**

The key themes underpinning the development of the Budget are focussed around the Government's commitments identified in the Blueprint for Education and Early Childhood Development (2008).

The Blueprint outlines the Department's commitment to high quality education and early childhood services and signals an emphasis on fostering partnerships with parents and families and with local communities and businesses. The Blueprint also recognises the fundamental importance of a quality education and early childhood workforce.

Budget initiatives focus on priorities identified in the Blueprint which aim to:

- Increase access to high quality early childhood health, education and care services;
- Strengthen public confidence in a world-class school education system, with a strong and vibrant government school sector at its core;
- Integrate services for children and families; and
- Improve outcomes for disadvantaged young Victorians

The Budget also reflects Victoria's strong commitment to work in partnership with the Commonwealth Government and other states to pursue ambitious educational reforms as outlined by COAG in November 2008.

#### **(2) Question**

What impact have developments at the Commonwealth level, including initiatives under the COAG Reform Agenda, had on preparing the Department's component of the 2009-10 State budget?

#### **(2) Response**

Commonwealth funding has had a significant impact on the preparation of the DEECD component of the 2009-10 State Budget. In particular, the Department has focused on ways to improve performance via:

- Commonwealth funding agreed via the COAG Reform Agenda, including through National Partnerships and the National Secondary School Computer Fund
- Commonwealth infrastructure funding through the Building the Education Revolution initiative

Commonwealth funding through the COAG Reform Agenda has included:

- \$275.3 million over seven years through the National Partnership on Low Socio-Economic Status School Communities
- \$26.8 million over two years through the National Partnership on Literacy and Numeracy

- \$24.0 million over four years through the National Partnership on Improving Teacher Quality
- \$210.6 million over five years through the National Partnership on Early Childhood Education
- \$16.7 million over six years through the National Partnership on Indigenous Early Childhood Development
- \$496.5 million over five years through the National Secondary School Computer Fund to provide new computers for secondary school students

In developing Budget proposals, DEECD has had to consider the interaction between Commonwealth and State funding sources and how best to optimise resource allocation. Most National Partnerships have required State co-contributions and some involve future reward payments to Victoria, contingent on achieving agreed outcomes. DEECD has undertaken planning to ensure that Commonwealth funding will complement Departmental initiatives so that COAG targets are met and impact is maximised across a range of education priorities.

The substantial Commonwealth investment in education infrastructure through the BER program has had significant implications for Asset funding in the 2009-10 Budget. Extensive planning has been required to ensure that Commonwealth investment complements DEECD's existing infrastructure strategy, the Victorian Schools Plan, so that resources are allocated in an efficient manner and student outcomes are maximised.

The Government is delivering the Victorian Schools Plan and the Building the Education Revolution initiative in an integrated manner. Therefore DEECD has had to assess how it can combine both funding sources to maximise the outcomes of this significant investment opportunity.

### **(3) Question**

Please list the key assumptions (up to five) that have been used to develop the Department's projections for 2009-10.

### **(3) Response**

Output Appropriations- Student enrolments for 2009-10 and projected future enrolments have been considered. Output appropriation is also indexed at the Department's Funding Model rate for the total appropriation budget.

The Teachers EBA finalised May 2008 and the Education Support staff EBA finalised September 2008, establish the salary increases for school staff over the next three years. This has been factored into the budget estimates.

Commonwealth Grants – Any additional Commonwealth funding received as part of the 2009-10 Commonwealth Budget will be reflected in the Department's forward estimates post-budget.

Employee Leave Provisions – These provisions are forecast on the basis of staffing profiles and current salaries and conditions. For the forecast period, employee benefits are adjusted for approved wage agreements and known oncost rates. Oncost rates are set to cover anticipated payments to employees.

Depreciation and Amortisation – All infrastructure, building, plant and equipment and other non-current physical assets are depreciated on a straight-line basis, at rates that allocate the asset's value, less any residual value, over the estimated useful life to the Department. Permanent buildings are depreciated over 60 years, relocatable and other building improvements are depreciated over 40 years and plant and equipment is depreciated from 3 to 33 years.

### **(4) Question**

- a) What are the key risks relating to the budget estimates and the economic forecasts (please quantify these where possible)?
- b) How have these risks been managed?

- c) Please describe the economic or key external factors that pose the greatest risk to the Department meeting its budget for 2009-10.
- d) How have these matters been addressed in framing the 2009-10 budget for your Department?

**(4) Response**

- a) Please refer to response provided by the Department of Treasury and Finance.
- b) Please refer to response provided by the Department of Treasury and Finance.
- c) Key risks for the Department in 2009-10 relate to the impact of the global economic downturn. The current climate creates uncertainty in several areas, such as school revenue from parents and Education Maintenance Allowance entitlements.

In addition, current economic conditions may give rise to risks with foreign exchange rates and the potential impact on Department contracts. This exposure affects Information Technology (IT) contracts in particular where suppliers require re-pricing of some contracts as a result of foreign exchange rate movements.

- d) The budget is framed over four years and projections take into account potential factors that are likely to impact over this period, including external and economic variables. The Department manages within the framework of the Department Funding Model, which involves forward contingency planning aimed at managing expected pressures and fluctuations within the overall budget.

The Department is also reviewing procurement contracts which involve potential exposure to foreign exchange movements. The review will be undertaken in 2009, and is aimed at fully quantifying the level of risk and developing mitigation strategies.

**(5) Question**

How has the Department ensured that its budget for 2009-10 is reliable in terms of being:

- affordable;
- deliverable; and
- fiscally sustainable?

**(5) Response**

Budget initiatives are rigorously costed as part of the budget development process to ensure programs are affordable and deliverable. Budgeting is linked to the Department's corporate and business planning process to allow resources to be allocated in a strategic way to priority activities and to emerging cost pressures. Financial planning over the whole of the forward estimates period is an integral part of the process to ensure that short term funding decisions do not compromise long term financial sustainability.

Contingency planning occurs as part of the annual budget cycle to manage pressures that may emerge during the course of the cycle.

Budget performance is monitored through a monthly reporting process to an internal Resources Committee, reporting to the Department Management Committee (consisting of Department Secretary and Deputy Secretaries).

**(6) Question**

In relation to each of the Department's three largest budget initiatives for 2009-10 in terms of funding:

- a) What were the broad choices in terms of service delivery and relevant policy options that the Department was confronted with at the budget development stage;
- b) What were the costings of each policy option?
- c) Please explain the linkages to the areas identified in the Annual Statement of Government Intentions released by the Government in February 2009.

## **(6) Response**

a) DEECD's three largest output Budget initiatives are:

- \$57.7 million over three years to continue the employment of 200 Teaching and Learning and 50 Ultranet Coaches who work in targeted schools to support teachers in providing a world class, 21st century education for all Victorian students
- \$38.0 million over four years to invest in a range of targeted reforms which support the achievement of Council of Australian Governments objectives in key education areas such as literacy and numeracy and quality teachers
- \$15.2 million over two years for additional Vocational Education and Training in Schools places to ensure that Victoria's young people have access to training in key skill areas

When making service delivery and policy decisions in relation to the 2009-10 Budget, DEECD was guided by its five year agenda for learning and birth to adulthood development, the Blueprint for Education and Early Childhood Development (the Blueprint). The Blueprint outlines specific goals for the Department and is structured around three core strategies for improving outcomes for children and young people:

- Partnerships with parents and communities;
- System improvement; and
- Workforce reform.

The investment in the continuation of the 200 Teaching and Learning Coaches and the 50 Ultranet Coaches is closely tied to the 'System Improvement' strategy outlined in the Blueprint, which involves a systemic approach to lifting government school performance through regional networks.

Teaching and Learning Coaches are allocated to regions and work in targeted schools to boost student outcomes by providing additional support to teachers. Ultranet Coaches help teachers to build their ICT capacity to get ready for Ultranet implementation and to utilise ICT in their day to day work.

The Vocational Education and Training in Schools initiative (\$15.2 million over two years) was developed in line with achieving the Blueprint goal – "Victoria will further increase the number of young people completing Year 12 or equivalent." By funding more places in vocational training courses, the Government is ensuring that more young people will achieve the equivalent of Year 12 completion and will increase their employability and opportunities in later life.

Project selection was also influenced by agreed targets set by the Council of Australian Governments (COAG) in 2008. Victoria agreed to pursue COAG targets for education and early childhood development through the following National Partnerships:

- National Partnership on Early Childhood Education;
- National Partnership on Improving Teacher Quality;
- National Partnership on Indigenous Early Childhood Development;
- National Partnership on Literacy and Numeracy; and
- National Partnership on Low Socio-Economic School Communities.

In the development of the \$38.0 million Targeted Investment to Support Achievement of National Partnership Objectives initiative, consideration was given to both Victorian Government priorities and agreed COAG targets.

This funding will augment National Partnership support for education reforms in priority areas such as literacy and numeracy and teacher quality.

At the same time, this funding will support the following core Blueprint goals:

- “In year 3, Victorian students will have the basic literacy skills to provide a foundation for their future learning, and support will be in place for those who do not”
- “In year 5, Victorian students will have the basic numeracy skills to succeed in mathematics, and support will be in place for those who do not”

b) Response below:

**Teaching and Learning and Ultranet Coaches**

	<b>2009-10 \$m</b>	<b>2010-11 \$m</b>	<b>2011-12 \$m</b>	<b>TOTAL \$m</b>
Coaches' salaries	13.244	27.216	13.948	0.000
Operating costs associated with	0.474	0.975	0.500	0.000
Professional Development for Coaches	0.200	0.411	0.211	0.000
Provision of laptops for Coaches	0.000	0.385	0.000	0.000
Evaluation	0.025	0.051	0.026	0.000
<b>TOTAL</b>	<b>13.943</b>	<b>29.038</b>	<b>14.685</b>	<b>57.666</b>

**Vocational Education and Training in Schools (VETiS)**

	<b>2009-10 \$m</b>	<b>2010-11 \$m</b>	<b>TOTAL \$m</b>
Purchase of VETiS	7.486	7.692	15.178
<b>TOTAL</b>	<b>7.486</b>	<b>7.692</b>	<b>15.178</b>

**Targeted Investment to Achieve National Partnership Objectives**

The 2009-10 Budget has provided \$38m over four years to support the achievement of Council of Australian Government targets in key areas such as literacy and numeracy, teacher quality and closing the gap between Indigenous and non-Indigenous students.

- c) DEECD’s three largest Budget initiatives are linked primarily to the Annual Statement of Government Intentions priority ‘Families – People who are Educated, Healthy and Involved’ and specifically the Education and Early Childhood Development component of this priority.

DEECD’s largest budget initiatives seek to provide Victorian children with the best possible start to life and deliver a world class education system which provides every opportunity for our young people to succeed.

**(7) Question**

What programs, if any, have been deferred to future years to reduce financial pressures on the budget and achieve targeted budget surpluses?

**(7) Response**

Please refer to response provided by the Department of Treasury and Finance.

**Asset funding**

**(8) Question**

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2009-10, including each project’s TEI. Please include the budget allocation for each.

**(8) Response**

The asset investments projects for which expenditure is budgeted to occur in 2009-10 are listed below:

<b>Previous Budget Commitments</b>	<b>TEI (\$m)</b>	<b>2009-10 Funding (\$m)</b>
Academic Number	5.1	2.6
SmartOne Broadband Network for Government Schools	7.3	1.0
Replacement Schools	41.0	11.7
Technical Wings and Trade Equipment for Government (Various)	50.0	16.0
Ultranet	60.5	25.5
<b>PRE ERC 2008-09 SUBTOTAL</b>	<b>163.9</b>	<b>56.8</b>
<b>Asset Investment Projects ERC 2008-09</b>	<b>TEI (\$m)</b>	<b>2009-10 Budget Allocation (\$m)</b>
New Schools	29.0	17.5
Replacement Schools	33.0	25.1
Regeneration	101.1	72.8
Modernisation	127.4	67.7
Secure the future of small rural schools	18.0	14.0
John Monash School	20.0	7.3
Select entry schools	19.0	20.7
Relocatable Classroom Renewal	26.0	10.9
Navigating the Training System	4.8	1.0
<b>ERC 2008-09 SUBTOTAL</b>	<b>378.3</b>	<b>237.0</b>

<b>Asset Investment Projects ERC 2009-10</b>	<b>TEI (\$m)</b>	<b>2009-10 Budget Allocation (\$m)</b>
Regeneration	92.1	29.8
Modernisation	128.0	49.3
New Schools in Growth Areas	25.1	6.4
Replacement Schools	47.3	27.6
Secure the future of small rural schools	16.0	10.7
Select entry schools	24.0	11.0
Relocatable Classroom Renewal	19.0	5.7
Land Acquisition	31.0	31.0
Specialisation and Excellence	12.0	3.0
Better Schools Today	7.6	7.6
<b>ERC 2009-10 SUBTOTAL</b>	<b>402.1</b>	<b>182.1</b>

*The above figures include state funding only*



**(9) Question**

What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the Department's responsibilities?

**(9) Response**

The Department has a school asset base valued at approximately \$10.7 billion and includes more than 17,000 buildings across more than 1,600 school sites.

There are a number of key infrastructure challenges the Department faces in managing such a large and diverse asset base portfolio, including:

**Asset Base**

A key challenge for the Department is ensuring that the ageing asset base is maintained to provide an environment for twenty-first century learning. In addition, changes in demographics require the Department to monitor the asset base in relation to school provision. These challenges are being met through a number of key strategies.

**Regeneration**

A strategic priority for the Department is regeneration projects to support improvements in educational outcomes for children and young people. Best practices in regeneration projects encompass the three core strategies of the Government's Blueprint for Education and Early Childhood Development - System Improvement, Partnerships with Parents and Communities and Workforce Reform.

An education regeneration project brings together key education and early childhood providers within a community to implement an improved model of education and early childhood provision. Education regeneration involves significant school reorganisation including co-location with early years and other community services, substantial new educational and early childhood infrastructure, and transformed curriculum programs and pathways.

**Victorian Schools Plan**

The Victorian Schools Plan (VSP) will rebuild, renovate or extend all government schools by 2016-17. To deliver enhanced learning environments to thousands of Victorian students, the Government has committed to fund the rebuilding, renovation or extension of 500 schools between 2007-08 and 2010-11.

**Partnerships Victoria in Schools**

In addition, new methods of delivering infrastructure are being utilised. In 2008, Axiom Education Victoria was engaged to design, build, finance, and maintain 11 new government schools via a public private partnership. The new schools will provide the best possible learning environments for students, promote community use of school facilities and free up teachers' time to focus on teaching.

**Commonwealth funding**

Commonwealth funding under the Nation Building – Economic Stimulus Plan has provided an unprecedented opportunity for Victoria to modernise its asset base. The Economic Stimulus Plan's Building the Education Revolution program and the Victorian Schools Plan will be delivered in an integrated manner to ensure the best educational outcomes are achieved for Victorian schools.

The Department is establishing a strategic approach to school maintenance in relation to the Building the Education Revolution, and its relevant timeline, which will enable the system to effectively meet these challenges.

## **Co-location**

The Victorian Government is committed to developing children's centres and schools as community hubs through co-location. This commitment is outlined in key policy documents, including the 2008 Blueprint for Education and Early Childhood Development.

The early childhood sector has multiple funders and providers across local, State and Commonwealth governments, the community and private sectors. This makes partnerships between all tiers of government critical to achieving the Government's commitments to co-location.

### **(10) Question**

Has the Department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the Department's operations? If so, please provide details of the findings.

### **(10) Response**

The Department has a well developed process for assessing future infrastructure demand. Long term enrolment (LTE) figures are used by the Department to assess infrastructure demand and predict future needs. LTE refers to the estimated number of government students forecast for a designated catchment area over a 10-year period. The calculations used to determine the LTE are based on the most recently available Australian Bureau of Statistics (ABS) census data and Department of Sustainability and Environment population projections. Independent consultants are engaged to ensure the process is rigorous and objective.

The methodology used by the Department in determining the LTE of a school is based on a defined local neighbourhood catchment from which the school draws its student population. It is used as a method to determine a school's facilities entitlement, a mechanism that provides a fair and objective assessment of the future needs for school facilities.

The defined neighbourhood catchment areas take into account natural and other barriers such as roads, rivers, railways and surrounding schools. Data on neighbourhood catchments, including the number of occupied dwellings, the number of school-age children and the proportion of children attending government schools, in conjunction with future housing and demographic forecasts and statewide trends, are used to determine a neighbourhood yield rate and the resultant LTE. The same methodology is applied for both government primary and secondary schools across Victoria.

Stakeholders such as local councils, other education and early childhood providers, the Growth Areas Authority and other government departments are pivotal in the assessment of the future school infrastructure needs of a given area.

### **(11) Question**

In relation to the unapplied output and asset funding carried forward to 2009-10, please provide:

- a breakdown of the carried forward funding for both output and asset initiatives;
- the underlying reasons for the Department's funding carryover for each category; and
- the intended revised timing for use of the carried forward funds, including project specific details for asset initiatives.

### **(11) Response**

#### **Output/Operating Carryover**

The carryover figures are estimates only based on available information as at April 2009 and will be updated at the end of the financial year based on actual outcomes.

**Appendix 1: Department of Education and Early Childhood Development**

<b>Operating Carryover</b>	<b>2008-09 Budget Allocation (\$m)</b>
Language Other than English (LOTE) – s29 Commonwealth funding	9
VicSmart Network	8
Wireless Internet in Schools	4
Early Childhood Regulation	5
English as a Second Language (ESL) – s29 Commonwealth funding	11
Youth Transitions	5
Maths & Science Strategy	3
Other	9
<b>TOTAL</b>	<b>54</b>

**Operating Carryover**

- Language Other than English (LOTE) - Commonwealth funding and this reflects a timing difference that occurs at 30 June (on a financial year basis) whereas the program is delivered on a calendar year basis.
- VicSmart Network – timing issue associated with supplier issues in relation to the ongoing implementation of the project.
- Wireless Internet in Schools - roll out of the required upgrade to wireless equipment in schools will now extend into the early part of 2009-10.
- Early Childhood Regulations – timing issues relating to initiatives associated with the rollout of new regulations for the Early Childhood sector.
- English as a Second Language (ESL) – Commonwealth funding is provided on a financial year basis but is spent on a calendar year basis.
- Youth Transitions – Commonwealth funds for VCAL and other transition programs to be spent in the second half of 2009.
- Maths & Science Strategy - these funds relate to initiatives that will be announced in the 2009-10 financial year, as part of the Maths and Science Strategy.

All carried forward funding is expected to be expensed in 2009-10.

## Capital carryover

The carryover figures are estimates only based on available information as at April 2009 and will be updated at the end of the financial year based on actual outcomes.

Capital Carryover	2009-10 Budget Allocation (\$m)
Victorian Institute of Educational Leadership	7
Navigating the Training System	2
Corporate IT Systems and Software	4
Ultranet	21
Regeneration	14
Replacement schools	8
Accelerated Modernisation	4
Maribyrnong Sports School	3
Other Corporate Works	5
<b>Total</b>	<b>68</b>

- Victorian Institute of Educational Leadership. Following the assessment and remediation plan to deal with latent site contamination, a revised implementation timeframe for the project will result in the need to carry forward funds into the 2009-10 financial year.
- Navigating the Training System: Total funding of \$4.75m to implement this asset initiative was approved by ERC in January 2009. Costings for 2008-09 were based on a full financial year. As a result approximately \$1.6m will be required to be carried forward.
- Corporate IT Systems and Software: a number of software development projects have been delayed including the Human Resource Management System (HRMS) and the Identity Access and Management System (IDAMS). Milestone payments could not proceed on the HRMS project as originally scheduled due to contractor delays in configuring and customising the PeopleSoft product. Although the design phase on the IDAMS project is well progressed, additional authentication issues relating to a range of existing systems has resulted in more complex system requirements. System delivery is now expected next financial year.
- Ultranet: The re-tender for the system is going through the latter stages of evaluation and a contract is scheduled to be accepted this financial year.
- Regeneration: The estimated carry forward is largely due to the Western Heights Regeneration project. Acquisition of the site has been finalised and it is anticipated that contract acceptance will occur in the last quarter of the financial year and works will be able to commence this financial year.
- Replacement schools: The estimated carry forward is primarily due to timeframes associated with the implementation of the Albert Park SC project. A contract was awarded in December on a design/develop/construct basis. Construction works are anticipated to commence upon the completion of site remediation and demolition works.
- Accelerated Modernisation: Funds will be required to be carried forward for the implementation of the Hobsons Bay PS project. The project was put on hold pending the outcome of discussions between the school and Eastona Park PS regarding a proposed merger. Those discussions have now been finalised. A contract has been accepted however significant expenditure will not be incurred this financial year.

- Maribyrnong Sports School: Following the discovery of site contaminants during excavation works, the site was closed and a Remediation Action Plan implemented to return the site conditions to a safe level. Construction works re-commenced in March 2009 with practical completion scheduled for December 2009.
- Other Corporate Works: Funds for the implementation of the regional Office Accommodation plan are required to be carried forward due to timing constraints as planning and other approvals taking longer than originally anticipated with a subsequent delay in building works. Project scope also was amended to maximise synergies with the Office of Children and Early Childhood Development by co-location of staff and integration of sites where possible.

### ***Efficiencies, savings and productivity improvement***

#### **(12) Question**

In relation to the estimated efficiencies to be derived in 2009-10 (including from the various measures that fall under the umbrella of the Efficient Government policy and the other targeted initiatives, please provide:

- a) a breakdown of all planned efficiency savings for 2009-10 according to the various measures of efficiency that apply to the Department's operations as identified in the 2007-08 and 2008-09 Budgets, and in new measures introduced in the 2009-10 Budget;
- b) an explanation of:
  - how decisions regarding applicable savings measures are to be made;
  - the nature of their expected impact on programs, for example, programs expected to be accelerated, deferred or discontinued; and
  - the basis for estimating the savings target to be achieved for each measure;
- c) particulars of any changes to the Department's allocated savings for 2009-10 from the data shown in the 2007-08 and 2008-09 Budgets; and
- d) a description of any areas earmarked for productivity improvement in 2009-10.

#### **(12) Response**

- a) The Department will continue to pursue efficiencies in 2009-10 as outlined in the Government's Efficient Government Policy.

In addition to the \$14.4m target set for 2008-09, the Department will implement strategies to achieve a further \$3.5m in ongoing savings during 2009-10. The Department will also find savings through general efficiencies of \$25m in 2008-09 and an additional \$9.5m in 2009-10.

The following table provides a breakdown of those planned efficiency savings:

<b>LFS</b>	<b>2007-08 \$m</b>	<b>2008-09 \$m</b>	<b>2009-10 \$m</b>
Buying Smarter, Buying Less	7.353	9.605	11.467
Shared Services	0.648	1.635	2.039
Best Practice Grants administration	0.074	0.148	0.148
Fleet Management	0.127	0.127	0.127
Advertising and Consultancies	0.225	0.225	0.225
Grants duplication	0.250	0.250	0.250
Capping growth in Head Office VPS numbers	1.229	2.401	3.660
<b>LFS Sub-total</b>	<b>9.906</b>	<b>14.391</b>	<b>17.916</b>
2008-09 General Efficiencies		25.000	25.000
2009-10 General Efficiencies			9.500
<b>Total</b>	<b>9.906</b>	<b>39.391</b>	<b>52.416</b>

- b) Whole of government requirements regarding efficiencies and saving form part of the Department's overall savings program. Decisions about general efficiencies and savings measures are taken by the Department's Departmental Management Committee on advice from the Resources Committee as part of the development of the internal budget.

The savings measures are targeted at efficiencies and improved management practices and are not anticipated to directly impact program delivery.

- c) As outlined in the response to part (a), the savings target for the Department will increase by \$3.5m in 2009-10. The increases will apply to:
- **Buying Smarter, Buying Less:** a whole of government policy approach to purchasing in order to achieve better value for money while improving quality of goods and services.
  - **Shared Services:** a whole of government approach to shared services where processes will be standardised, technology will be further standardised and resources and expertise pooled.
  - **Best Practice Grant Administration:** implementation of best practice grants administration across all Government Departments will increase the efficiency of grants programs and improve transparency and accountability.
  - **Fleet management:** introduce a new whole of government policy approach to management of the Government vehicle fleet which will drive savings through better use of technology, centralised databases and facilities.
  - **Advertising and Consultancies:** reduce advertising and consultancies across Government.
  - **General efficiencies:** in order to achieve the required general efficiencies, the Department has reduced the non-salary indexation provided to central office, regions and schools.
- d) The main areas earmarked for productivity improvement in 2009-10 include reducing central office costs associated with the administration of the Department.

## ***Environmental challenges***

### **(13) Question**

- a) What are the key environmental issues that are predicted to have an impact on services delivered by the Department's portfolios in 2009-10?
- b) How have these issues been addressed in the Department's budget estimates for 2009-10?
- c) Please list up to five projects or programs worth over \$1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2008-09 and 2009-10 for existing projects if applicable).

### **(13) Response**

- a) The key environmental challenges for the Department in 2009-10, are associated with how it responds to the impacts of climate change. More specifically, in managing and planning for scarce water resources and complying with increasing energy reduction targets and costs. The major policy challenge for the Department is in meeting the whole of Victorian Government's energy reduction target of 25% of 1999-2000 consumption levels by 30 June 2010 within our corporate and regional offices and schools. (This is a revised target for the 20% reduction target previously set).

The challenges are due to:

**Resourcing/funding:**

- Most of the simple energy efficiency measures have already been made within the Department's corporate and regional offices. Significant resources are required to achieve further reductions.
- The Department has a number of financial challenges associated with the increased design costs required to ensure sustainable design principles are embedded in the design of new and retrofitted school infrastructure.

**Technology use:**

- The increased "carbon intensification" of school footprints through increased use of ICT and use of air-conditioning, e.g. there will be significantly more computers within schools as part of the Federal Government's National Secondary School Computer Fund;

**Policy directives:**

- Schools are encouraged to share facilities with the local community which can increase a school's energy consumption (this is a key reform as part of the Blueprint for Education and Early Childhood Development 'Partnerships with parents and communities' strategy).
- b) The Department has a commitment to provide resources for programs associated with energy and water efficiency, the incorporation of Environmentally Sustainable Development principles within the planning of new and retrofitted schools and within schools' curriculum. Simple energy efficiency measures have already been implemented. A challenge for the Department will be to direct sufficient resources to more complex energy saving projects as more simple energy efficiency measures are progressively implemented.
- c) Response below.

**Victorian Schools Plan**

The Government's \$1.9 billion Victorian Schools Plan aims to link capital spending, improved design and educational outcomes through rebuilding, renovating or extending 500 schools over four years.

Since 2007 all new school buildings have complied with Section J of the Building Code of Australia, which provides new minimum legal standards for energy efficiency in a range of buildings including public school buildings. Energy efficiency is also covered in the Department's own guidelines known as the Building Quality Standards Handbook which are consistent with the Building Code of Australia.

Many of the energy and greenhouse performance standards are being achieved through good practice passive design measures. Departmental guidelines provide that buildings are oriented correctly to maximise north – south daylight whilst also minimising east – west sunlight. As part of the design process, the Department works with schools and project managers to ensure that appropriate shading, insulation, natural cooling and ventilation, use of building materials with appropriate thermal mass and sound landscaping are all included in the school design.

The Department assesses all Ecologically Sustainable Design (ESD) options on a case by case basis as part of the construction planning process and aims to progress cost effective and ESD solutions.

**Partnerships Victoria in Schools Project**

One of the key objectives of the Partnerships Victoria in Schools Project is to ensure that school facilities and their environments are ecologically sustainable and responsible.

One of the key objectives of the Partnerships Victoria in Schools Project is to ensure that school facilities and their environments are ecologically sustainable and responsible.

The schools will be built to achieve the 5 Star Green Star Education Pilot Tool. In addition, the schools will use the environmental design initiatives in the school curriculum, encouraging students to think more about the environment. The first five schools to be built under the PViS project will be ready for students by 2010, with the other six schools opening in 2011.

### **Schools Water Efficiency Program (SWEP)**

The Schools Water Efficiency Program (SWEP) is a program to assist Victorian schools to save water. This program is currently being rolled out across the State. The objectives of the program are to save water in schools by reducing internal potable (drinking) water use, and provide economic and environmental benefits to Victorian schools with no up-front costs.

SWEP involves an indoor water audit of the school site, the development of a water efficiency report outlining works by level of priority (3 levels) to improve water efficiency. Where the SWEP audit report identifies that water efficiency measures can achieve water savings of at least 5% at the school, the priority one works (at least) are implemented, e.g. fixing leaky taps, fitting flow-control valves and fine-tuning existing appliances and fixtures.

All Victorian government schools will have their audits and water efficiency measures completed by 31 December 2009.

### **(14) Question**

What initiatives are planned by the Department in 2009-10 to enhance reporting of the mandatory and optional office-based environmental indicators identified in FRD 24C?

### **(14) Response**

#### **FRD 24 Reporting**

The Department will be reporting to the revised Financial Reporting Directive (FRD) 24 that now requires us to provide additional information on:

- energy consumption trends and targets;
- energy management actions undertaken; and
- providing greater context to the energy data reported.

Furthermore, there is now a separate section in FRD 24 that specifically deals with the greenhouse emissions associated with energy use, transport activities and waste production.

#### **Energy Reporting System (ERS)**

The Department has contracted the services of Planet Footprint to provide energy reporting services to develop its Energy Reporting System (ERS). This will allow the Department to accurately collate and measure its energy use (including schools). The ERS allows the Department to report against our energy targets, inform our internal energy reduction projects (i.e. school identification) and is a data source for the Schools Resource Allocation Branch (i.e. school utilities budget).

The Department is also providing input to the development to a Department of Sustainability and Environment whole-of-Government data management and reporting tool to provide greater consistency in energy reporting.

#### **Energy and New Schools**

The Department will ensure all new schools, including those as part of the Public Private Partnerships, complete energy cost worksheets prior to the design development being approved. This means that consulting teams will report on how the school design is performing as compared to 1999 averages.



Flagship projects will use the Energy Cost Worksheets and the Green Star Education tools energy calculator for reporting.

## ***Spending***

### **(15) Question**

Please outline any major expenditure policy shifts in 2009-10. In relation to these, please explain:

- the assumptions underpinning the policy decision;
- alternative scenarios considered; and
- fiscal effects.

### **(15) Response**

There have been no major expenditure policy shifts for DEECD in 2009-10.

### **(16) Question**

What processes have been applied by the Department to ensure that new programs have been rigorously costed?

### **(16) Response**

The Department has an established internal process for ensuring the costings of new programs are accurate and consistent. Some of the strategies include:

- centralised, coordinated process to ensure consistency in the methodology used to cost initiatives.
- use of benchmarks e.g. similar/historical programs, discussions with other providers to compare costings.
- use of templates with predefined costings for standard components of initiatives e.g. staff costs.
- independent review by the central financial services area within the Department.

In addition, all costings for budget initiatives must be agreed with the Department of Treasury and Finance, prior to Expenditure Review Committee (ERC) approval.

### **(17) Question**

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2008-09 and the target for 2009-10 for individual outputs.

**(17) Response**

Output	2008-09 Expected Outcome (\$m)	2009-10 Target (\$m)	Variance (%)
Early Years (schools)	2,535.4	2,710.7	15.4
Middle Years (schools)	2,527.6	2,697.8	15.5
Later Years and Youth Transitions	1,621.5	1,727.1	14.5
Child Health and Support Services	86.2	98.6	14.4
Early Childhood Education and Care	202.7	210.8	12.0
Early Childhood Intervention Services	49.0	65.3	20.9

Early Years (schools): The 15.4% increase from the 2008-09 Expected Outcome to the 2009-10 Target is attributable to the impact of Enterprise Bargaining Agreement outcomes, new budget initiatives, increased Commonwealth funding and general inflationary-related indexation.

Middle Years (schools): The 15.5% increase from the 2008-09 Expected Outcome to the 2009-10 Target is attributable to the impact of Enterprise Bargaining Agreement outcomes, new budget initiatives, increased Commonwealth funding and general inflationary-related indexation.

Later Years and Youth Transitions: The 14.5% increase from the 2008-09 Expected Outcome to the 2009-10 Target is attributable to the impact of Enterprise Bargaining Agreement outcomes, new budget initiatives, increased Commonwealth funding and general inflationary-related indexation.

Child Health and Support Services: The 14.4% increase from the 2008-09 Expected Outcome to the 2009-10 Target is due to new budget initiatives and general inflationary-related indexation

Early Childhood Education and Care: The 12.0% increase from the 2008-09 Expected Outcome to the 2009-10 Target is due to new budget initiatives, increased Commonwealth funding and general inflationary-related indexation.

Early Childhood Intervention Services: The 20.9% increase from the 2008-09 Expected Outcome to the 2009-10 Target is due to the deferral of expenditure from 2008-09 into 2009-10, new budget initiatives and general inflationary-related indexation.

**(18) Question**

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2008-09 and the budget for 2009-10, please provide an explanation.

**(18) Response**

	2008-09 Revised (\$m)	2009-10 Budget (\$m)	Variance %
Employee benefits	4,416.5	4,542.8	2.9%

The Employee benefits expense variance is 2.9%.

**(19) Question**

Please provide a tabular dissection of the Department's 2009-10 budget and expected expenditure for 2008-09 under the Government's key themes presented annually in the Victorian Budget Overview differentiating between new funding initiatives and ongoing funding.

**(19) Response**

	<b>2008-09 Revised (\$ m)</b>	<b>2009-10 Budget (\$ m)</b>
Income		
Output appropriations *	7,256.8	7,757.6
Special appropriations	1.9	0.3
Interest	47.0	45.5
Sales of goods and services	196.6	196.7
Grants	8.7	8.7
Other income	383.8	383.8
Total income from transactions	7,894.8	8,392.6
Expenses		
Employee benefits	4,416.5	4,542.8
Depreciation and amortisation	249.0	238.6
Interest expense	0.2	0.2
Grants and other transfers	665.2	666.1
Capital asset charge	762.0	808.2
Other operating expenses	1,753.5	2,117.8
Total expenses from transactions	7,846.4	8,373.6
Net result from transactions (net operating balance)	48.4	18.9

\* Includes funding for National Partnership Programs.

New initiatives – funded in 2009-10 Budget

	<b>2008-09 \$m</b>	<b>2009-10 \$m</b>
<b>Outputs</b>		
Community Engagement Project	0.0	2.5
Increase Access to Computers	0.0	7.0
Meeting Increased Demand for Kindergarten Enrolments	8.0	5.7
National Partnership on Early Childhood Education	7.4	15.3
National Partnership on Improving Teacher Quality	1.6	3.4
National Partnership on Literacy and Numeracy	12.5	14.3
National Partnership on Low Socio-Economic Status School Communities	2.1	27.9
National Secondary School Computer Fund *	83.5	196.1
Non-Government Schools Capital Grants **	33.6	19.9
Targeted Investment to Achieve National Partnership Objectives	0.0	13.6
Teaching and Learning and Ultranet Coaches	0.0	13.9
Vocational Education and Training in Schools	0.0	7.5
<b>Subtotal - output initiatives</b>	<b>148.6</b>	<b>327.1</b>

	2008-09 \$m	2009-10 \$m
<b>Building the Education Revolution</b>		
Government Schools: National School Pride Program	62.8	146.6
<b>Subtotal - Building the Education Revolution initiatives</b>	<b>62.8</b>	<b>146.6</b>
<b>Government-wide Initiatives</b>		
2009 Victorian Bushfire Response and Recovery	4.8	0.0
Action for Children with an Autism Spectrum Disorder	0.0	0.9
Enhancing Disability Services and Outcomes	0.0	4.9
National Partnership on Indigenous Early Childhood Development	1.0	4.2
<b>Subtotal - Government-wide Initiatives</b>	<b>5.8</b>	<b>10.1</b>
<b>TOTAL</b>	<b>217.3</b>	<b>483.8</b>

\* \$1.6m in 2008-09 and \$3.2m in 2009-10 of this initiative was previously reported in the 2008-09 Budget Update.

\*\* This initiative was previously reported in the 2008-09 Budget Update.

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

#### **(20) Question**

In terms of any major revenue policy changes contained in the 2009-10 budget relating to revenue generation, tax expenditures or concession and subsidies, please explain:

- the assumptions underlying the analysis;
- alternative scenarios considered; and
- the fiscal effect of any tax changes.

#### **(20) Response**

The 2009-10 Budget does not include any major revenue policy changes in relation to revenue generation, tax expenditures or concession and subsidies.

#### **(21) Question**

- a) In relation to 2009-10, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.
- b) Please outline the actual and expected financial impact in 2009-10 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the Department.

#### **(21) Response**

- a) The Department does not envisage any new significant revenue raising initiatives or major changes to existing revenue initiatives and does not have any significant revenue initiatives in its own right.
- b) The 2009-10 Budget does not contain any revenue foregone initiatives.

**(22) Question**

Please provide a listing of any revenue measures (taxation, fees, fines etc) or any concessions (or subsidies) where changes are more or less than the cost of living adjustment (include the value of such measures and the percentage change).

**(22) Response**

There are no planned adjustments to revenue or concession measures of more or less than the cost of living.

**(23) Question**

For the Department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2008-09 and the budget for 2009-10.

**(23) Response**

	<b>2008-09 Revised (\$ m)</b>	<b>2009-10 Budget (\$ m)</b>	<b>Variance %</b>
Output appropriations	7,256.8	7,757.6	6.9%
Special appropriations	1.9	0.3	-86.6%
Interest	47.0	45.5	-3.2%
Sales of goods and services	196.6	196.7	0.1%
Grants	8.7	8.7	0.0%
Other income	383.8	383.8	0.0%
<b>Total income from transactions</b>	<b>7,894.8</b>	<b>8,392.6</b>	<b>6.3%</b>

The variance in the Special Appropriation is due to the Department accessing \$1.62 million of Commonwealth funding for the Universal Access to Early Childhood Education program.

**Regional and rural considerations**

**(24) Question**

- a) What are the critical issues facing regional and rural communities in 2009-10 that depend on services provided by the department (please provide comment relating to particular areas of the State where applicable)?
- b) How does the Department's 2009-10 budget address these issues?

**(24) Response**

- a) Regional and rural communities are facing a number of challenges including the combined impact of the drought and severe bushfires. In addition, the current economic conditions will put more strain on these communities. High quality education and children's services are critical in helping to support these communities, not only to provide children with the best possible start in life, but to also provide a place where the community can come together.

Victoria's small to medium sized rural schools play a vital role in their communities. As part of its election commitment, Securing the Future of Small Rural Schools, the Government has committed to replacing relocatable buildings with permanent modern facilities at more than 40 small to medium rural schools with stable enrolments. The roll out of this program will continue in 2009-10.

- b) The need to ensure the provision of school infrastructure to better support high quality teaching and learning in regional and rural communities is a critical issue. Ensuring regional communities have access to high quality facilities needed for education in the 21<sup>st</sup> century is

a high priority for the Government as part of its commitment to rural and regional Victoria.

In order to deliver these critical services, since 1999 the Government has allocated more than \$870 million to rebuild, renovate or extend more than 450 projects in regional and rural Victoria. This includes the allocation in the 2009-10 Budget of \$16 million for Securing the Future of Small Rural Schools. In addition, primary schools in rural and regional Victoria will receive funding through the Commonwealth Government's Building the Education Revolution (BER).

There are a number of other budget initiatives that will provide support to rural and regional communities including:

- \$15.2 million in additional funding to support the VET in Schools program over the next two years.
- \$57.7 million for Teaching and Learning, and Ultranet Coaches. The 200 Teaching and Learning coaches build teacher capacity to improve the rate of student progress, especially for those students achieving below expected levels in numeracy/mathematics and science. The 50 Ultranet Coaches work with schools to build ICT capacity and assist in the implementation of the Ultranet.
- \$13.6 million to meet increased demand for kindergarten enrolment as a result of the increasing birth rate.

**(25) Question**

Please provide a table showing for up to five of the Department's largest projects (in terms of expenditure) benefiting regional and rural Victoria the:

- budget allocation for 2009-10 dissected between new and existing projects;
- the purpose of each project;
- how the funding is to be spent; and
- the performance measures in place to assess performance.

**(25) Response**

<b>Project</b>	<b>Budget allocation (\$m)</b>	<b>Purpose of the project</b>	<b>How the funding will be spent</b>	<b>Performance measures</b>
Regeneration (Existing)	32.8	Regeneration projects involve two or more school communities working together to improve education outcomes through the provision of high quality and contemporary educational facilities, to ensure schools and classrooms satisfy modern teaching requirements.	Funding will be expended on public procurement for school construction works	Building Futures is the Department's Asset Investment policy which puts improved educational outcomes for students at the core of all planning and investment decisions. The six-stage process includes an 'Evaluation' phase which helps to measure the success of the implementation process, as well as the long-term success of individual projects in achieving their educational goals. Evaluation of the Building Futures policy implementation process is conducted shortly after the project has been completed by the school. It identifies the effectiveness of the implementation process, and is used to refine and improve the Building Futures process, guidelines and templates. Longer-term evaluation of ongoing effectiveness is based on a rigorous application of the School Accountability and Improvement Framework. It measures the sustained achievement of educational goals
Securing the Future of Small Rural Schools	16.0	Small to medium sized rural schools play a vital role in their communities. There are many with stable enrolments but with very limited or no permanent facilities. Funding is provided to replace relocatable buildings in nine small to medium rural schools.		
Modernisation (New)	20.7	Funding is provided as part of the Government's overall commitment to implement the first stages of the modernisation program. This funding will contribute to the modernisation of nine regional or rural schools and will improve educational outcomes through the provision of contemporary classrooms and technology that meet current day teaching requirements. The modernisation of ageing facilities will also reduce both maintenance costs and energy consumption through improved building techniques.		
Maths and Science Specialisation Centres	8.0	Funding is provided to fund Maths and Science Specialist Centres to broaden options by providing high level science opportunities as well as provide a centre of excellence for other local students and teachers to access specialised facilities.		
Better Schools Today	7.4	Funding is provided to rebuild renovate or extend.		
<b>Total</b>	<b>84.9</b>			

**Performance measures**

**(26) Question**

Please provide the rationale for any change in performance measures presented in the budget papers for 2009-10 (including new and discontinued measures).

**(26) Response**

A total of 16 new measures have been introduced for 2009-10. All of these measures relate to students meeting the national minimum standard in the National Assessment Program – Literacy and Numeracy (NAPLAN) tests. As detailed in the footnotes of each of those measures, they have been introduced to replace all the National Benchmark measures that are no longer calculated.

A total of 23 measures have been discontinued for 2009-10. Detailed explanations for their discontinuation of each measure are provided in the footnotes in Appendix C of Budget Paper No.3. These explanations include measures that are no longer calculated and have been replaced by better measures.

The detailed rationale for other minor miscellaneous changes to the wording of other measures is provided in the footnotes of each measure.

**(27) Question**

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2008-09 and the target for 2009-10, please provide the reasons for the variance.

**(27) Response**

Explanations for all significant changes in 2009-10 targets are detailed in the footnotes of each measure. Those footnotes include the following explanations:

- The “Maternal and child health clients with children aged 0 to 1 years receiving enhanced maternal and child health services” target in 2009-10 of 10% is 42.9% higher than the 2008-09 expected outcome of 7%. This is because 2009-10 target (refers to 2008-09 financial year) has been raised as a result of the 2008-09 Healthy Mothers & Babies initiative.
- The “Number of Assistant Principals, aspiring leaders and leadership teams participating in leadership development programs” target in 2009-10 of 800 is 110.1% higher than the 2008-09 expected outcome of 380. This is because high 2009-10 target reflects the high priority placed by Government on increasing leadership capacity and developing a strategic response to principal succession. The Department successfully negotiated contracts to deliver additional places for leadership development programs at no additional cost.
- The “Number of school-based apprentices/trainees” target in 2009-10 of 2,000 is 50% lower than the 2008-09 expected outcome of 4,000. This is because lower 2009-10 target is based on the Victorian Skills Commission’s new definition of School Based Apprenticeships and Traineeships that takes effect from 1 January 2009. Only integrated School Based Apprenticeships and Traineeships will be counted from that date. Consequently targets and results from 2009 onwards are not comparable with previous years. It should be noted that the 2008-09 expected outcome of this measure is merely a reflection of the 2008-09 target pending the finalisation of 2008-09 actuals.

**Staffing matters**

**(28) Question**

Please fully complete the table below, providing actual EFT staff numbers at 30 June 2008 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2009 and 30 June 2010 for the department and its major budget funded agencies.



**(28) Response**

Employment — Equivalent full-time staff

Classification	30 June 2008 (Actual) (EFT)					30 June 2009 (Estimate) (EFT)						30 June 2010 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	New Class (2009)	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Teaching Service																
Principal Class	2,897.5	0.0			2,897.5		2,940.0	0.0			2,940.0	2,950.0	0.0			2,950.0
Leading Teacher Class	3,846.8	0.0			3,846.8		3,805.0	0.0			3,805.0	3,775.0	0.0			3,775.0
Teacher Class	25,824.4	7,747.8			33,572.2		26,910.0	6,705.0			33,615.0	27,000.0	6,675.0			33,675.0
Paraprofessional Class	120.5	136.4			256.9		125.0	135.0			260.0	130.0	135.0			265.0
Total All Teaching Staff*	32689.2	7,884.2			40,573.4		33,780.0	6,840.0			40,620.0	33,855.0	6,810.0			40,665.0
School Services Officers																
SSO3-8	70.8	1.9			72.7	ES2-5	85.0	5.0			90.0	90.0	5.0			95.0
SSO3-7	103.7	18.8			122.5	ES2-4	405.0	90.0			495.0	415.0	90.0			505.0
SSO3-6	262.0	61.0			323.0	ES2-3	1,085.0	195.0			1,280.0	1,105.0	195.0			1,300.0
SSO2-5	418.4	97.7			516.1	ES1-2	2,615.0	730.0			3,345.0	2,650.0	735.0			3,385.0
SSO2-4	566.6	97.7			664.3	ES1-1	2,760.0	3,575.0			6,335.0	2,855.0	3,620.0			6,475.0
SSO2-3	873.4	174.8			1,048.2											
SSO1-2	1,554.8	429.0			1,983.8											
SSO1-1	2,682.8	3,631.5			6,314.3											
Total School Services Officers**	6,532.5	4,512.4			11,044.9		6,950.0	4,595.0			11,545.0	7,115.0	4,645.0			11,760.0
Victorian Public Service Staff																
Executive Officers																

Report on the 2009-10 Budget Estimates

	30 June 2008 (Actual) (EFT)				30 June 2009 (Estimate) (EFT)				30 June 2010 (Estimate) (EFT)			
Secretary	1.0	0.0		1.0	1.0	0.0		1.0	1.0	0.0		1.0
EO1	3.0	0.0		3.0	4.0	0.0		4.0	4.0	0.0		4.0
EO2	36.0	0.0		36.0	37.0	0.0		37.0	37.0	0.0		37.0
EO3	22.8	0.0		22.8	27.0	0.0		27.0	27.0	0.0		27.0
Executive Officer Subtotal	62.8	0.0		62.8	69.0	0.0		69.0	69.0	0.0		69.0
Victorian Public Service Staff												
Senior Technical Specialist	2.8	1.0		3.8	4.0	1.0		5.0	4.0	1.0		5.0
VPSG6	211.5	14.8	3.61	229.9	235.0	17.0	2.00	254.0	235.0	17.0	2.00	254.0
VPSG5	509.8	64.8	2.44	577.0	530.0	85.0	5.00	620.0	530.0	85.0	5.00	620.0
VPSG4	257.8	28.1	0.42	286.3	290.0	41.0	2.00	333.0	290.0	41.0	2.00	333.0
VPSG3	283.2	50.8	5.71	339.7	310.0	55.0	4.00	369.0	310.0	55.0	4.00	369.0
VPSG2	146.9	37.0	4.54	188.4	150.0	43.0	5.00	198.0	150.0	43.0	5.00	198.0
VPSG1	9.5	3.0	2.49	15.0	10.0	4.0	1.00	15.0	10.0	4.0	1.00	15.0
Graduate Recruits	0.0	6.0	0.00	6.0	0.0	7.0	0.00	7.0	0.0	7.0	0.00	7.0
AH4	111.7	2.8	0.00	114.5	103.0	2.0	0.00	105.0	103.0	2.0	0.00	105.0
AH3	200.8	52.5	0.37	253.7	230.0	52.0	0.00	282.0	230.0	52.0	0.00	282.0
AH2	97.9	49.2	0.79	147.9	99.0	35.0	0.00	134.0	99.0	35.0	0.00	134.0
AH1	1.4	0.4	0.00	1.8	2.0	0.0	0.00	2.0	2.0	0.0	0.00	2.0
Child Protection Worker	2.5	0.0	0.00	2.5	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0
Juvenile Justice Worker	1.0	0.0	0.00	1.0	0.0	0.0	0.00	0.0	0.0	0.0	0.00	0.0
Nurse	164.1	23.4	2.4	189.9	170.0	15.0	0.00	185.0	170.0	15.0	0.00	185.0
Total VPS classified, Allied Health & Non- VPS aligned staff***	2,000.9	333.8	22.8	2,357.5	2,133.0	357.0	19.0	2,509.0	2,133.0	357.0	19.0	2,509.0

	30 June 2008 (Actual) (EFT)				30 June 2009 (Estimate) (EFT)				30 June 2010 (Estimate) (EFT)			
Total All Public Service Staff	2,063.7	333.8	22.8	2,420.3	2,202.0	357.0	19.0	2,578.0	2,202.0	357.0	19.0	2,578.0
Other1	5.1	1.0	0.0	6.1	5.0	1.0	0.0	6.0	5.0	1.0	0.0	6.0
Total All DEECD Staff****	41,290.5	12,731.4	22.8	54,044.7	42,937.0	11,793.0	19.0	54,749.0	43,177.0	11,813.0	19.0	55,009.0

1 Other staff for June 2009 and June 2010 estimates of 6.0 FTE includes: 1.0 FTE Senior Medical Advisor; 2.0 FTE Ministerial Transport Officers, 1.0 LOTE Curriculum Advisor and 2.0 chairs of statutory and other bodies in the portfolio.

Notes: For 2007-2008 actual

1. Casual staff in the Department of Education and Early Childhood Development are employed at the school or work unit level. Centralised records for school based staff are not maintained on such employment and cannot be provided at this time.
2. Victorian Public Service staff numbers include VPS staff employed in central and regional locations, including Student Support Services Officers in schools. Similarly, Teaching Service staff numbers include TS staff employed in schools as well as central and regional locations. School Services Officer staff include SSO (ES) staff employed in schools and a small number of SSO staff employed in regional offices.
3. Other staff of 6.1 FTE includes: 1.0 FTE Senior Medical Advisor; 2.0 FTE Ministerial Transport Officers, 1.0 LOTE Curriculum Advisor, 0.1 Health Professional and 2.0 chairs of statutory and other bodies in the portfolio.

### Reconciliation with June 2008 Annual Report

\* The FTE of teaching service staff of 40,573.4 includes school based teaching staff of 40,447.2 FTE plus non school based teaching service staff of 126.1 FTE.

\*\* The FTE of School Services Officer staff of 11,044.9 includes school based SSO staff of 11,040.8 FTE and non school based SSO staff of 4.1 FTE.

\*\*\* The FTE of Victorian Public Service staff of 2,357.5 includes VPS staff in schools of 441.8 FTE, non school based VPS staff (including Graduate recruits) of 1,701.9 FTE; 187.5 FTE nurses; 3.5 FTE Child protection and Juvenile Justice workers (included in Other) and 22.8 FTE non school based VPS casual staff.

\*\*\*\* The total FTE of all DEECD staff (54,044.7) is equivalent to the total of all staff reported in Appendix 4 of Department's Annual Report 2007-08 (54,021.3 FTE) plus 22.8 FTE casual staff. Any further difference is due to rounding.



## 1.3 Department of Human Services

### ***Budget preparation***

#### **(1) Question**

What are the key budget themes underpinning the development of the budget that relate to your Department?

#### **(1) Response**

Key budget considerations in human services focus on the management of, and strategic challenges faced in:

- demand for services;
- timely access to, and impacts of disadvantage on the need for, services;
- viability and productivity in publicly funded service providers;
- early intervention to influence healthy lifestyles and wellbeing outcomes; and
- responding to emerging health and social issues.

#### **(2) Question**

What impact have developments at the Commonwealth level, including initiatives under the COAG Reform Agenda, had on preparing the Department's component of the 2009-10 State budget?

#### **(2) Response**

Responding to the impacts of the global economic crisis, COAG has introduced measures to maximise the timely and effective delivery of economic stimulus to reduce social impacts on the Australian community of a global economic recession.

While the centrepiece of the Commonwealth's stimulus response is the \$42 billion Nation Building and Jobs Plan, other activity building on existing reform of Specific Purpose Payments (SPP) and introduction of new National Partnership Agreements (NPA) has been progressed to introduce more flexible arrangements concentrating on outputs and outcomes and less onerous reporting requirements. The introduction of NPAs and the maximisation of funding benefits and outcomes under these agreements has been a focus of the department's *2009-10 State Budget* submission, along with other initiatives of Commonwealth and national engagement.

Areas of Commonwealth related development addressed in the department's funding submission included:

## **Closing the Gap**

The DHS *Closing the Gap* initiative has been developed to focus on implementation of Victoria's commitment under the COAG Indigenous Health National Partnership Agreement. In November 2008, COAG endorsed a \$1.57 billion National Partnership to address poor indigenous health outcomes.

The 'Closing the Gap' initiative aims to position Victoria to meet that commitment through a combination of new and existing programs which will develop a comprehensive, long-term plan of action, that is targeted to need, evidence-based and capable of addressing the existing inequities in health services to achieve equality of health status and life expectancy between Aboriginal and Torres Strait Islander peoples and non-Indigenous Australians.

## **National Partnership Agreement on Preventive Health**

Under the National Partnership on Preventative Health, the Commonwealth, States and Territories have undertaken to meet the following outcomes:

- a) increase in proportions of: children and adults at unhealthy weight held at less than five per cent from baseline; children and adults at healthy weight returned to baseline level; children participating in at least 60 minutes of moderate physical activity every day; adults participating in at least 30 minutes of moderate physical activity on five or more days of the week.
- b) increase in mean number of daily serves of fruits and vegetables consumed by children and adults.
- c) reduce the state baseline for proportion of adults smoking daily.

## **National Partnership Agreement on Hospital and Health Workforce**

The department expects that additional Commonwealth funding associated with the National Partnership Agreement on Hospital and Health Workforce reform for sub-acute services, hospital pressure, activity based funding and health workforce will be allocated in 2009-10 and subsequent financial years.

In respect of health workforce, the Victorian government has already undertaken initiatives in this area and its existing investment in the DHS Training and Development grant will be recognised as a share of the required COAG matching funding.

## **National E-health Transition Authority**

COAG commitment to the National E-health Transition Authority core operations foundation work including identifier and authentication services to support the development of a national Individual Electronic Health Record (IEHR) system.

## **Disability Services**

Funding for the Disability Specific Purpose Payment was agreed by the Council of Australian Governments (COAG) at its meeting in November 2008. The new National Disability Agreement and the associated Disability Specific Purpose Payment (SPP) came into effect on 1 January 2009.

In 2009-10, Commonwealth funding to Victoria through the Disability SPP will incorporate funding for disability services, the Disability Assistance Package, respite capacity building and targeted support, and Young People in Residential Aged Care.

Commonwealth commitments will support Victoria's leadership role in national reform of disability services.

## **Housing**

COAG decisions have had a major impact on 2009-10 Budget development in respect of Housing services, in particular the \$1.5 billion in funding committed under the Nation Building and Jobs Plan. The Commonwealth Government's commitment to housing affordability has translated into an unprecedented level of funding provided for Victoria. In addition to Victoria's \$500 million investment in social housing announced in the 2007-08 State Budget, in partnership with the Commonwealth Victoria expects to increase the number of new homes by over 450 through the new Social Housing National Partnership agreement.

Victoria has also been allocated, through the Commonwealth's Nation Building and Jobs Plan, \$1.6 billion to provide approximately 5,000 newly constructed homes and to carry out important repairs and maintenance to over 5,000 existing homes.

The National Partnership on Homelessness encourages reform and funds new approaches to provide services and reduce homelessness. As recognised leaders in homelessness response Victoria will continue to build and expand the services known to work well. In particular there will be a focus on providing supportive housing that ensures people get the services and support that addresses all their needs. Prevention and early intervention initiatives will also be developed focussing on those at risk of homelessness, such as young people leaving care.

The Remote Indigenous Housing National Partnership allocates funding to Victoria to facilitate the transfer of Commonwealth Housing and Infrastructure Program (CHIP) housing to Victoria. A submission has been made to the 2009-10 State Budget process to fund Victoria's commitment to the Partnership and ensure that 500 properties owned by Indigenous community organisations will continue to provide Indigenous specific housing for Victorians. The transfer of the previously separate Indigenous community housing sector to Victoria is expected to provide the foundation for improved tenancy management and a coordinated approach to Indigenous housing policy and investment in Victoria.

## **Mental Health and Drugs**

The Mental Health Reform Strategy progresses the reform directions articulated in the COAG National Mental Health Action Plan 2006-2011 (NAP). In particular the strategy gives momentum to a number of key strategic priorities identified in the NAP in relation to workforce development, governance reforms and improving the coordination of services for people with multiple needs.

The whole of government Mental Health Reform Strategy recognises the need for youth-friendly early intervention platforms bringing together a range of services and support, covering general health, mental health, drug and alcohol issues, housing employment and education. A child and youth service redesign initiative will build on this model, partnering with headspace sites where they exist, to enable identification of, and care for, young people with more complex conditions in these accessible settings.

## **Addressing Demand in Community Based Aged Care services**

Home and Community Care (HACC) is a Commonwealth/State cost-shared program and Victoria is required to match Commonwealth funding levels under the terms of the HACC Agreement.

## **Disease Prevention**

The introduction of new, expensive vaccines to the National Immunisation Program Schedule, including those against human papillomavirus and rotavirus, has increased the size, cost and complexity of immunisation program delivery. The new focus on a whole-of-life vaccination program also poses considerable challenges, for example, in monitoring and promoting coverage.

The National Immunisation Strategy is currently under development and supports this proposal.

**(3) Question**

Please list the key assumptions (up to five) that have been used to develop the Department's projections for 2009-10.

**(3) Response**

The 2009-10 Budget Submission of the Department of Human Services is focussed on achieving Government goals as expressed in Growing Victoria Together, ie. providing high quality, accessible health and community services; building friendly, confident and safe communities; and advancing a fairer society that reduces disadvantage and respects diversity.

In particular the department's budget projections have been developed with reference to implementation of the following:

- Implementing Government's 2009-10 Budget priorities and public policy, including implementing the balance of election commitments.
- Agreed outcomes for Australian Industrial Relations Commission, Australian Fair Pay Commission and Enterprise Bargaining Agreements for the Human Services Sector
- Implementing the Council of Australian Governments (COAG) new framework for Federal Financial Relations, including significant increases in expected funding to Victoria for specific purpose and national partnership agreements
- Implementing whole-of-government initiatives promoting the health and wellbeing of all Victorians
- Managing service systems and administration over the forward estimates period within the provisions of Treasury's Departmental Funding Model, which provides forward year escalation funding on a no-policy-change basis to provide departments with funding certainty and future spending capacity in the forward estimates budgets.

**(4) Question**

- a) What are the key risks relating to the budget estimates and the economic forecasts (please quantify these where possible)?
- b) How have these risks been managed?
- c) Please describe the economic or key external factors that pose the greatest risk to the Department meeting its budget for 2009-10.
- d) How have these matters been addressed in framing the 2009-10 budget for your Department?

**(4) Response**

The department notes that the Committee has agreed that parts (a) and (b) are matters that fall within the responsibilities of the Department of Treasury and Finance (DTF). Please refer to the DTF response to parts (a) and (b) for discussion of the issues.



Services delivered by the department are the frontline support for the Victorian community in times of crisis such as the recent bushfire tragedy and the unfolding uncertainty of global economic crisis. The department is working to ensure its capacity to meet the increasing service needs of a growing and ageing population; to ameliorate the social and health impacts of further declines in economic outcomes; and improve its understanding of the potential impacts on service demand. Analysis of key data and scenario modelling has provided the framework for the department's 2009-10 State Budget submission.

The department's Budget submission has been framed within the context of a constrained economic environment, while addressing service factors which include:

- Maintaining current service delivery levels, while managing continuing increase in demand on hospital services due to factors such as population growth and client complexity.
- Maximising the benefits and service outcomes of Commonwealth/State agreements and frameworks in areas of human services.

The Department continues to monitor the situation of additional service demand as result of specific community hardship, such as the recent bushfire event, combined with the broader impact across Victoria as a result of the slow down in economic activity, primarily as a result of the global economic crisis.

#### **(5) Question**

How has the Department ensured that its budget for 2009-10 is reliable in terms of being:

- affordable;
- deliverable; and
- fiscally sustainable?

#### **(5) Response**

The Department adopts rigorous budget development and monitoring processes relying on robust and mature funding models and performance measurement. These processes have been used to develop its 2009-10 State Budget submission and will continue to be applied for expenditure monitoring and future resource allocation purposes.

For existing programs and established service delivery, specific community needs (i.e. disadvantage) and requirements are considered and are delivered in accordance with government policy and empirical and research data. New programs are developed and informed through empirical service usage statistics, robust population based projections and data set analysis (e.g. ABS, AIHW etc), and detailed financial estimates based on known cost information.

Commonwealth related budget proposals are developed in joint consultation with stakeholders via COAG and other national planning and implementation processes.

**(6) Question**

In relation to each of the Department's three largest budget initiatives for 2009-10 in terms of funding:

- a) What were the broad choices in terms of service delivery and relevant policy options that the Department was confronted with at the budget development stage;
- b) What were the costings of each policy option?
- c) Please explain the linkages to the areas identified in the Annual Statement of Government Intentions released by the Government in February 2009.

**(6) Response**

The three largest budget initiatives for the department in 2009-10 are:

- Nation Building – Economic Stimulus Plan – New Construction Stage 2: \$1,312.9 million in recurrent and asset funding.
- Sustaining Health Services Capacity: \$781 million recurrent funding.
- Parkville Comprehensive Cancer Centre (Parkville CCC): \$1,071.15 million asset investment (State contribution of \$426.1m).

DHS manages a difficult and complex environment and consistently performs better than national benchmarks across all our key services. The Department has effectively managed targeted expansion of the services to keep pace with increased demand due to population growth and ageing and worked to innovate and reform to optimally utilise funding increases provided over the last 9 years.

The key challenges faced involve managing demand for services; the impact of disadvantage on the need for, and access to, services; the viability and productivity of services receiving public funds in delivering those services; and the need to use early opportunities to effectively influence health and wellbeing outcomes for our clients. The Department's budget proposals were framed to address many of these challenges.

Broad service delivery choices involved the prioritisation of targeted and broad support initiatives to provide aid and assistance to Victorians in the context of the worst economic recession in more than half a century.

The economic downturn will increase the impacts felt by the most disadvantaged in our community and the numbers of unemployed. These individuals and families will be most harshly affected by the economic downturn and be increasingly reliant on the services provided by the department.

Departmental initiatives were prepared with regard to a deteriorating economic outlook and maintaining essential services at levels which can accommodate immediate and longer term forecast trends.

These major initiatives span the government priorities of:

- JOBS – A Resilient Economy for Long Term Growth
- FAMILIES – People who are Educated, Healthy and Involved
- COMMUNITIES – Planned, Connected and Secure.

The Parkville Comprehensive Cancer Centre is also a key initiative in Victoria's Cancer Action Plan.

Funding provided under the Sustaining Health Services Capacity package is also linked to COAG commitments as identified in Victoria's Plan to Improve Healthcare and Promote Good Health.

**Nation Building – Economic Stimulus Plan – New Construction Stage 2**

The 2009-10 Budget provides for social housing investment with recurrent funding for this initiative of \$639 million and asset funding with a total estimated investment (TEI) of

\$673.9 million. The department has considered the age and amenity of existing social housing, and determined an allocation considered sufficient to boost the quality and quantity of public housing in areas of demand, having regard to opportunity and capacity in the construction industry. It is expected that around 4,300 new dwellings will be delivered under this initiative.

### **Sustaining Health Services Capacity**

The Sustaining Health Services Capacity initiative provides \$781 million over five years to significantly boost the capacity of hospitals to provide treatment in key areas of cancer treatment, acute care and sub-acute services. This investment is part of a total of \$825.9 million over five years being made available to health services to improve patient flow and support system capacity improvements, and strengthen hospital performance in the face of existing and emerging challenges for Victorian health services.

In addition, a \$321.5 million beds package announced in December 2008 allows for the treatment of up to 63,000 extra patients. This will increase the capacity of hospitals as a whole, and the additional acute, intensive care and short-stay beds will improve the transfer of patients out of emergency departments.

### **Parkville Comprehensive Cancer Centre (Parkville CCC)**

The Parkville Comprehensive Cancer Centre (Parkville CCC) was announced by the State Government in May 2009. The project, including matching funding contributed by the Commonwealth Government as part of the federal Hospital and Health Fund, provides for a \$1 billion world-class cancer centre to be built in Parkville, Melbourne.

A detailed business case was prepared on the Parkville CCC. This included consideration of options including:

- a base case option of upgrading works at existing sites to ensure facilities could continue to provide appropriate levels of service, and
- providing for staged development of the Parkville CCC.

The cost (TEI) of the base case option was \$451.98 million, compared with a final cost of \$1,071.15 million for the announced initiative. Option 2 was endorsed as delivering the best value for money. Note that a range of other scope options were discarded at an earlier stage than the final analysis presented in the business case.

### **(7) Question**

What programs, if any, have been deferred to future years to reduce financial pressures on the budget and achieve targeted budget surpluses?

#### **(7) Response**

The department notes that the Committee has agreed that the response to this query is the responsibility of the Department of Treasury and Finance (DTF). Please refer to DTF's response to this question.

The Department of Human Services as a matter of ongoing practice, manages the allocation of its resources to best meet service need. No programs have been deferred in order to achieve targeted budget surpluses or reduce financial pressures.

## **Asset funding**

### **(8) Question**

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2009-10, including each project's TEI. Please include the budget allocation for each.

**(8) Response**

Project Name	TEI (\$'000s)	2009-10 Budget Allocation (\$'000s)
<b>Works in Progress announced prior to 2008-09 State Budget (with expenditure budget to occur in 2009-10)</b>		
Ballarat Hospital Redevelopment	4,500	2,000
Barwon Health Geelong Hospital Masterplan	2,000	1,241
Bendigo Health Care Group Bendigo Hospital Planning and Development	2,000	1,485
Box Hill Hospital Outpatients and Dialysis Centre and Associated Works	38,200	949
Caulfield General Medical Centre Logistics Building and Associated Works	23,500	2,318
Caulfield General Medical Centre Redevelopment Stage 2	28,000	17,850
Disability Services Strategic Refurbishment and Replacement Program Stage 2	15,000	3,300
Eastern Health Mental Health Redevelopment Stage 1	32,100	4,068
Ensuring our hospitals are as clean and safe as possible - Equipment	5,000	1,000
Environmental Sustainability Public Hospitals and Aged Care	3,290	890
Frankston Hospital Stage 2A (Op Theatre Expansion and Critical Care Redev)	45,000	18,323
Geelong Hospital Emergency Department Redevelopment	26,100	299
Kingston Centre Kitchen Upgrade and Associated Works	26,700	12,813
Koori Youth Alcohol and Drug Healing Centre Development	3,700	3,087
Leongatha Hospital Campus Stage 1 Residential Aged Care	10,000	1,868
Maroondah Hospital Expansion Stage 1	8,000	1,000
Medical Equipment Replacement Program	145,000	35,000
Metropolitan and Rural Ambulance Services - Station Upgrades	10,030	2,200
Monash Medical Centre Children's Facility Planning and Development	2,000	1,515
Nathalia District Hospital and Aged Care Redevelopment	18,000	7,128
North Richmond Community Health Centre Relocation	19,000	2,751
Northern Hospital - Mental Health Expansion and Short Stay Unit Construction	27,900	16,900
Peninsula Community Health Service Redevelopment	13,000	3,800
Placement and Support Residential Facility Renewal Strategy - Stage 6	14,200	390
Prevention and Recovery Care Services - Stage 1	9,640	2,300
Rochester Theatre and Hospital Redevelopment	21,700	5,269
Royal Childrens Hospital Redevelopment	47,115	6,390
Royal Melbourne Hospital Brickwork Rectification	28,475	1,000
Royal Melbourne Hospital Emergency Department Redevelopment	56,300	7,000
Royal Women's	67,658	
St Vincents Orthopaedic Surgery Centre - Construction	7,000	600
Statewide Infrastructure Renewal Program	80,000	20,000
Stawell Health and Community Centre Redevelopment	20,000	7,422
Sunshine Hospital Expansion and Redevelopment - Stage 1	20,000	700
Warracknabeal Nursing Home Stage 1 Redevelopment	21,800	1,684
Warrnambool Hospital Redevelopment - Stage 1	16,000	2,000
Western Hospital Redevelopment Stage 1	24,800	12,600
<b>Works in Progress Total</b>	<b>942,708</b>	<b>209,140</b>
<b>New Works announced in the 2008-09 State Budget (with expenditure budget to occur in 2009-10)</b>		
Ambulance Service Strategy	7,700	1,800
Ballarat Hospital - Mental Health Redevelopment	5,500	5,000
Bendigo Hospital Emergency Department Upgrade	9,500	4,000
Bendigo Residential Aged Care Facility (Stella Anderson Replacement)	13,600	9,500
Box Hill Hospital - Infrastructure Upgrade	8,500	5,000

Project Name	TEI (\$'000s)	2009-10 Budget Allocation (\$'000s)
Casey Hospital Special Care Nursery Expansion	4,200	2,500
Dandenong Hospital Emergency Department Redevelopment	25,000	6,300
Dandenong Hospital Mental Health Redevelopment and Expansion - Planning	3,000	1,000
Frankston Hospital Maternity Service Expansion	5,000	4,000
HealthSMART Shared Information and Communication Technology (ICT) Operations	26,944	6,736
Heidelberg Repatriation Hospital Mental Health Redevelopment	15,500	8,200
Hepburn Health Service: Trentham Campus Redevelopment	8,000	4,400
Hospital Energy Supply Project	23,600	12,000
Kingston Centre Redevelopment - Stage 2	45,000	9,300
Latrobe Community Health Service - Morwell Redevelopment	21,000	9,000
Melton New Dental Chairs	4,900	3,300
Monash Medical Centre - Clayton: Magnetic Resonance Imaging	4,000	4,000
Monash Medical Centre - Clayton: Pregnancy Assessment Unit	4,800	4,100
MonashLink Community Health Service - Stage 2 (Glen Waverley and Oakleigh)	1,000	500
MonashLink Community Health Service (Ashwood)	1,300	780
New Rural Dental Teaching Chairs (Sunraysia and Wodonga)	8,100	5,400
Northern Hospital Maternity Expansion	2,500	1,500
Olivia Newton-John Cancer Centre	25,000	20,000
Prevention and Recovery Care Services (PARCS) - Stage 2	10,360	6,500
Redevelopment of the Royal Victorian Eye and Ear Hospital - Planning	2,000	900
Rural Ambulance Victoria Station Upgrades and Service Expansion	4,500	700
Sunbury Day Hospital	14,000	8,000
Sunshine Hospital Expansion and Redevelopment - Stage 2	73,500	38,700
Warrnambool Hospital Redevelopment - Stage 1B	70,100	24,500
Werribee Mercy Hospital Expansion - Stage 1	14,000	8,000
<b>New Works Total</b>	<b>462,104</b>	<b>215,616</b>

**(9) Question**

What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the Department's responsibilities?

**(9) Response**

DHS continues to face challenges that include:

- appropriateness, fitness-for-purpose and location of facilities to meet known and emerging service requirements
- to build and maintain a value for money health system across all areas
- existing asset base size, age and scale of periodic asset investment essential to sustain existing services at appropriate standards
- meeting ongoing service demand pressures efficiently and effectively with acceptable risk (requires a significant increase in the capacity of the public health system)
- service reconfiguration requirements to efficiently accommodate new technologies, models of care and redistribution of DHS funded services to meet changing community needs
- the need for higher performing more efficient plant and equipment to achieve government environmental policy / climate change objectives.

**(10) Question**

Has the Department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the Department's operations? If so, please provide details of the findings.

**(10) Response**

The Victorian public health system uses a range of asset holdings (estimated at over \$20 billion) to support health services delivery.

The department continues to develop strategy, planning, service and asset modelling consistent with government expectations.

The department continues to progress service and facility modelling to inform and advise forward looking assessment. Approaches and assessments being made are to assist departmental direction and operations and are applied consistent with the Government's Asset Management Framework, asset management and asset investment policies and guidelines.

Another strategic measure is portfolio condition. Many existing Victorian health facilities were designed and built 40-60 years ago. The age of assets is usually reflected in their condition.

The department routinely undertakes regular condition assessment of all facilities. They are presently also undergoing asset revaluation to meet accounting policy requirements.

The information gained from condition assessment and revaluations will be incorporated and used in assessing the department's longer term asset requirements, as part of the *DHS Asset Strategy* - which considers the asset base response to meeting service requirements.

**(11) Question**

In relation to the unapplied output and asset funding carried forward to 2009-10, please provide:

- a breakdown of the carried forward funding for both output and asset initiatives;
- the underlying reasons for the Department's funding carryover for each category; and
- the intended revised timing for use of the carried forward funds, including project specific details for asset initiatives.

**(11) Response**

<b>Output Appropriations</b>	<b>\$m</b>
Commonwealth Programs	18.5
State Programs	21.9
<b>Total</b>	<b>40.4</b>
Asset Investment Appropriations	
Commonwealth Programs	1.2
State Programs	79.8
<b>Total</b>	<b>81.0</b>

The estimated carryover of \$40.4 million for the Output Initiatives represents approximately 0.4% of 2008-09 Output Appropriations. The underlying reasons for the estimated carryover relates timing delays or funding provided ahead of need for specific Commonwealth Programs (\$18.5m). These funds are specifically tied to designated Commonwealth programs and cannot be used for any other purpose. The remaining estimated carryover relates to specific State programs (\$21.9m) which have experienced delays in implementation during the 2008-09.

It is intended that the all output carryover funds will be expended in 2009-10 to complete or continue the specific Output Initiatives.

The estimated carryover of \$81 million for the Asset Investment Program represents approximately 15% of the expected cashflow for 2008-09. The underlying reasons for the estimated carryover relates to the impact of several factors, including prolonged planning and construction processes, town planning issue resolution, rectification of latent soil conditions and/or inclement weather factors.

It is intended that the carryover funds will be expended in 2009-10 to complete or continue the implementation of the specific asset investments contained within the overall program.

## ***Efficiencies, savings and productivity improvement***

### **(12) Question**

In relation to the estimated efficiencies to be derived in 2009-10 (including from the various measures that fall under the umbrella of the Efficient Government policy and the other targeted initiatives, please provide:

- a breakdown of all planned efficiency savings for 2009-10 according to the various measures of efficiency that apply to the Department's operations as identified in the 2007-08 and 2008-09 Budgets, and in new measures introduced in the 2009-10 Budget;
- an explanation of:
  - how decisions regarding applicable savings measures are to be made;
  - the nature of their expected impact on programs, for example, programs expected to be accelerated, deferred or discontinued; and
  - the basis for estimating the savings target to be achieved for each measure;
- particulars of any changes to the Department's allocated savings for 2009-10 from the data shown in the 2007-08 and 2008-09 Budgets; and
- a description of any areas earmarked for productivity improvement in 2009-10.

### **(12) Response**

Funds appropriated to the department allow a range of critical services to be provided to Victorians in need of health, housing, and other community services. To date, the approach to meeting annual savings targets has been to minimise the level of saving passed on to these services. Accordingly, savings are generally applied to areas of corporate and program support functions to the maximum degree possible. In some instances savings may be passed on to direct service provision through minor reductions in price in order to promote service efficiencies.

The department will provide details its 2009-10 efficiency measures at the earliest opportunity following tabling of the 2009-10 State Budget Papers.

The department continues the implementation of its Doing Business Better strategy which is the department's internal long-term business improvement strategy. The strategy seeks to develop a culture of efficiency through the development of people and capability to solve problems and giving people the authority and responsibility to control their own work, and to continuously improve the value delivered to clients by eliminating waste and duplication, simplifying processes and improving quality and productivity.

Nine major improvement projects were delivered in 2008. A further 10 projects are planned for 2009, which will focus on areas of operational administration within head office and regions.

Productivity improvement is also addressed through Enterprise Bargaining Agreements negotiated by the department. For some time various settlements in respect of human services workforces have included provisions for productivity offsets, which have the effect of improving workplace practice or remove restrictions which impede productivity improvement.

## ***Environmental challenges***

### **(13) Question**

- a) What are the key environmental issues that are predicted to have an impact on services delivered by the Department's portfolios in 2009-10?
- b) How have these issues been addressed in the Department's budget estimates for 2009-10?
- c) Please list up to five projects or programs worth over \$1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2008-09 and 2009-10 for existing projects if applicable).

### **(13) Response**

- a) Climate change may increase risks to the health and wellbeing of Victorians, especially vulnerable groups and people in need. These risks may arise from the increased incidence of impacts such as heatwave, bushfire, storms, drought, vector borne disease and sea level rise and the cascading effects on the social determinants of health and wellbeing. Climate change is likely to have significant resource implications for the human service system as it moves to meet the likely elevated demand in the medium term. DHS has begun work to better understand the impact of climate change on health and wellbeing and vulnerable Victorians. The most urgent priorities are to:
  - Improve the operating and built sustainability of new and refurbished buildings, upgrades and legacy stock.
  - Reduce the greenhouse gas emissions from our vehicle operating fleet.
  - Enhance the culture of environmental awareness and action across the human services workforce.
  - Embed climate change in the risk management and business planning functions within the department and funded sectors.
  - Better understand, measure and forecast the likely impacts of climate change on human health and wellbeing and human services.
- b) Since 2004 all healthcare capital works delivered by the Department of Human Services mandate the implementation of standard practice measures for sustainability. In addition, an allowance of 2.5% of total construction costs is included to implement sustainability initiatives that are beyond standard practice. The funding for standard practice initiatives and the 2.5% allowance has been included in healthcare capital works budgets for 2009-10. Sustainability initiatives are routinely included in new office fit outs and refurbishments in accordance with the Government Office Guidelines. These sustainability initiatives are included in the current budget and cost in the vicinity of 10 – 20% of the fit out budget. Sustainability initiatives are also included in new community residential units with the aim of reducing the environmental footprint by being more energy and water efficient. The department has developed a departmental vehicle profiling strategy which aims to achieve and continually improve on the Government's greenhouse gas emissions reduction target by purchasing LPG and hybrid vehicles at the time of vehicle replacement. This initiative was designed to be cost neutral within the existing budget and also give consideration to vehicle safety policies. It is currently achieving a reduction in greenhouse gas vehicle emissions and has been commended by the Commissioner for Environmental Sustainability. As the introduction timeframe and final details of the CPRS are yet to be finalised, the impact on DHS is unable to be addressed at this stage.
- c) No additional funding for individual capital projects has been sought as total construction costs include implementation of sustainability standard practice measures or an allowance to implement sustainability initiatives that are beyond standard practice.



**(14) Question**

What initiatives are planned by the Department in 2009-10 to enhance reporting of the mandatory and optional office-based environmental indicators identified in FRD 24C.

**(14) Response**

In line with the Commissioner for Environmental Sustainability (CES) recommendations, DHS has committed to:

- Updating and improving Environmental Management System policies and procedures and related FRD24C reporting standard operating procedures.
- Working across government agencies, including the Department of Sustainability's government leadership group, and energy and water retailers to further improve reporting.
- Expand its Environmental Management System to Community Residential Units and Youth Justice Centres.
- Further improving systems for collecting and reporting data.
- Investigating options to address the scope of CES recommendations.

**Spending**

**(15) Question**

Please outline any major expenditure policy shifts in 2009-10. In relation to these, please explain:

- the assumptions underpinning the policy decision;
- alternative scenarios considered; and
- fiscal effects.

**(15) Response**

There are no major expenditure policy shifts planned by the Department of Human Services for 2009-10.

**(16) Question**

What processes have been applied by the Department to ensure that new programs have been rigorously costed?

**(16) Response**

New programs are developed and informed through empirical service usage statistics, robust population based projections and data set analysis (e.g. ABS, AIHW etc), and detailed financial estimates based on known cost information. Health services in particular also use standardised costing units such as Weighted Inlier Equivalent Separations (WIES) and Standard Equivalent Value units (SEVs) to ensure the robustness of service costings.

Where reform and innovation is the domain of a health service, the department monitors outcomes through its existing data collections and through achievement of the objectives set in the Statement of Priorities process as reported in the Health Service's Annual Report to Parliament.

Comprehensive costing and pricing models and approaches which incorporate service partners from the community services sector, ensure that all new programs and service proposals are costed appropriately and comply with the Human Services Partnership Agreement between the department and the CSO sector.

**(17) Question**

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2008-09 and the target for 2009-10 for individual outputs.

**(17) Response**

**Community Health Care**

(18.0 per cent increase from 2008-09 expected outcome to 2009-10 target)

The increase in the 2009-10 target, compared to the 2008-09 expected outcome, reflects additional funding for the Victorian Bushfire Case Management Service, Council of Australian Governments Closing the Gap in Indigenous Health, indexation and enterprise bargaining agreement outcomes, and a reduction of non-recurrent 2008-09 initiative funding for Cranbourne landfill and drought counselling.

**Health Protection** (21.4 per cent decrease from 2008-09 expected outcome to 2009-10 target)

The decrease in the 2009-10 target, compared to the 2008-09 expected outcome, reflects a reduction in fixed-term vaccine funding, primarily in relation to the Human Papilloma Virus, Infanrix Hexa and Pneumococcal vaccines. The 2009-10 target also includes additional funding for Indigenous Early Childhood Development, Public Health Governance and Regulatory Reform, Victoria's Cancer Action Plan, indexation and enterprise bargaining agreement outcomes.

**Individual Support**

(10.3 per cent increase from 2008-09 expected outcome to 2009-10 target)

The increase in the 2009-10 target, compared to the 2008-09 expected outcome, primarily reflects additional growth funding provided by the Commonwealth under the National Disability Agreement, additional State funding provided in the 2009-10 budget, and service cost escalation.

**Homelessness Assistance**

(11.1 per cent increase from 2008-09 expected outcome to 2009-10 target)

The increase in the 2009-10 target, compared to the 2008-09 expected outcome, reflects additional Commonwealth funding for the Homelessness National Partnership Agreement.

**Long Term Housing Assistance**

(148.7 per cent increase from 2008-09 expected outcome to 2009-10 target)

The increase in the 2009-10 target, compared to the 2008-09 expected outcome, reflects an increase in Commonwealth funding for the Nation Building National Partnership for Repairs and Maintenance and New Construction; Remote Indigenous Housing National Partnership Agreement; and Social Housing National Partnership Agreement. Additional funding was also provided in 2009-10 for the 'Building on Success of Neighbourhood Renewal' initiative.

**(18) Question**

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2008-09 and the budget for 2009-10, please provide an explanation.

**(18) Response**

The variation between the departments' 2008-09 revised budget and 2009-10 budget for 'Employee Benefits' is less than 10 per cent.

**(19) Question**

Please provide a tabular dissection of the Department's 2009-10 budget and expected expenditure for 2008-09 under the Government's key themes presented annually in the Victorian Budget Overview differentiating between new funding initiatives and ongoing funding.

**(19) Response**

The table below shows new 2009-10 funding reflected in the key themes of the 2009-10 Budget Overview. Note that the table reflects gross investment figures.

<b>Bushfire recovery</b>	<b>Partnering with the Commonwealth Government</b>	<b>Continuing to deliver core services Building liveable and caring communities</b>		<b>Regional Victoria</b>
Case Management program - \$70.1m over 2 years	National Partnerships - Health - \$184.7m over 4 years	Sustaining Health Services Capacity - \$781m over 5 years	Supporting vulnerable children and young Victorians - \$160.80m over 4 years	Upgrade facilities and infrastructure at Bendigo Hospital - \$55m TEI
Grants to individuals and Housing support - \$19.7m in 08-09	National Partnerships - Social Housing and Homelessness output initiatives - \$1,043.3m over 5 years	Community Based Aged Care Services - \$55.6m over 4 years	Boosting mental health services - \$150.6m over 4 years, includes asset investment	Expanded services at Geelong Hospital - \$30m TEI
Health & wellbeing - \$7.6m in 08-09	National Partnerships – Social Housing asset initiatives Nation Building - \$764.9m TEI Social Housing - \$26.9m TEI	Elective Surgery - \$45m in 2009-10	Creating new opportunities for people with a disability - \$87m over 4 years, includes asset investment	Stage 1C of the Warrnambool Hospital redevelopment - \$26.2m TEI
State Coordination & Regional Response and Recovery - \$6.5m in 08-09	Closing the Gap in Indigenous Health Outcomes - \$47.4m over 4 years	Increase in the Water and Sewerage Concession Cap - \$42m over 4 years	Neighbourhood Renewal - \$17.2m over 4 years	Redevelop facilities at Ballarat Hospital - \$20m TEI
		Support for Public Hospitals - \$25m in 2009-10	Breastscreen Victoria's digital technology rollout - \$10m TEI	New integrated hospital and community health service at Alexandra Hospital - \$19m TEI
		Public Health Governance and Regulation Reform - \$19.2m over 4 years	Out of Home Care Creating new generation residential care facilities - \$10m TEI	New dental chairs at Bendigo and Wodonga and to reduce waiting lists in Ballarat, Geelong and Moe - \$21.2m over 4 years

		Disease Prevention - \$7.8m over 4 years	Youth Prevention and Recovery Care Services - \$8m TEI	
		Paediatric Intensive Care - \$3.5m in 2008-09	Sunbury Day Hospital Stage 2 - \$6.4m TEI	
		Autism State Plan - \$4.2m over 4 years	Redevelopment of community facilities - \$5m TEI	
		Aged Care Land Bank – Stage 4 - \$3m TEI	Rosebud community health centre - \$3.1m TEI	
		Short Stay Units, Day Treatment Centres and Medi-Hotels - \$3m TEI	Monashlink community health centre Oakleigh - \$2.5m TEI	
		The Alfred Burns Unit - \$1.1m TEI	Critical care services expansion - \$1m TEI	
		Improving Access to Dental Care - \$21.2m over 4 years		

In respect of 2008-09, all 2008-09 allocations are expected to be expended in support of Government's 2008-09 key themes with the exception of approximately \$400,000 of Go for your life! funding which supports the Building thriving, liveable communities theme; approximately \$600,000 of the Supporting people with a disability and their families initiative which supports the Reducing disadvantage and building a fairer Victoria theme; approximately \$400,000 relating to the Tackling chronic disease and cancer initiative which supports the Delivering high quality health services theme; and approximately \$600,000 of the Healthier mothers and babies initiative which supports the Providing major new support for Victorian families theme. These carryover amounts represent minor amounts of the respective initiative 2008-09 spending and arise from various activity timing issues. The amounts are expected to be fully expended in 2009-10.

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

### **(20) Question**

In terms of any major revenue policy changes contained in the 2009-10 budget relating to revenue generation, tax expenditures or concession and subsidies, please explain:

- the assumptions underlying the analysis;
- alternative scenarios considered; and
- the fiscal effect of any tax changes.

### **(20) Response**

There were no major revenue policy changes for the Department, in the 2009-10 budget.

### **(21) Question**

- a) In relation to 2009-10, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.
- b) Please outline the actual and expected financial impact in 2009-10 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the Department.

### **(21) Response**

As discussed in the *2009-10 State Budget Paper No.4, Chapter 4 (p 209)*, as part of the new framework for federal financial relations, payment arrangements have changed in regards to the receipt of a significant portion of Commonwealth funding. Prior to 1 January 2009, a large number of the Commonwealth grants were paid directly to the relevant departments. Transition arrangements are currently in place, with full implementation expected for most Commonwealth grants from 1 July 2009.

Under the new arrangements, the majority of Commonwealth funding will be paid directly to Department of Treasury and Finance. Existing arrangements under *Section 29 of the Financial Management Act* will continue to apply providing Department of Human Services' access to Commonwealth funding for which the department has service delivery responsibility.

In 2009-10, the department also anticipates continuation of limited fee waiving arrangements for a small number of disability and public housing clients impacted by the February 2009 bushfires. The financial impact is not expected to exceed \$300,000.

### **(22) Question**

Please provide a listing of any revenue measures (taxation, fees, fines etc) or any concessions (or subsidies) where changes are more or less than the cost of living adjustment (include the value of such measures and the percentage change).

### **(22) Response**

In 2009-10, the water and sewerage concession cap was increased to assist with the expected water price rise due 1 July 2009. Additional funding was provided to assist the most vulnerable members of the Victorian community to afford water, by providing water audits and retrofits through the Water Wise program. The funding provided for these purposes is \$12.5 million in 2009-10, or \$44.4 million over four years from 2009-10 to 2012-13.

The regulatory fees collected by the department are indexed annually in accordance with a rate approved by the Treasurer, in accordance with the *Monetary Units Act 2004*.

### **(23) Question**

For the Department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2008-09 and the budget for 2009-10.

**(23) Response**

**Output Appropriation**

(12.3 per cent increase from 2008-09 expected outcome to 2009-10 target)

The increase in the 2009-10 target, compared to the 2008-09 expected outcome, primarily reflects the Commonwealth Governments' stimulus package funding for social and community housing initiatives, and other new initiative funding announced in the 2009-10 Budget. Budget Paper #3, Appendix A (pg 314-320) provide further details of the funding provided by initiative. The 2009-10 target also reflects the 2009-10 funding impact of both Commonwealth and State initiative funding, announced in prior-year budgets.

**Regional and rural considerations**

**(24) Question**

- a) What are the critical issues facing regional and rural communities in 2009-10 that depend on services provided by the department (please provide comment relating to particular areas of the State where applicable)?
- b) How does the Department's 2009-10 budget address these issues?

**(24) Response**

- a) The department's resources are applied to the delivery of services that support all Victorians. In respect of regional and rural communities in the 2009-10 budget year, services will continue to be delivered in support of issues and needs in these areas.
- b) Particular issues facing regional and rural communities are:
  - the health needs of rural and regional Victorians
  - timely access to appropriate hospital services
  - physical capacity and fabric of rural hospitals/health services for people
  - recruitment and retention of health professionals
  - ageing trends in the rural population
  - demand for housing, mental health, counselling, information and referral, and health services across the state as a result of bushfires.

**(25) Question**

Please provide a table showing for up to five of the Department's largest projects (in terms of expenditure) benefiting regional and rural Victoria the:

- budget allocation for 2009-10 dissected between new and existing projects;
- the purpose of each project;
- how the funding is to be spent; and
- the performance measures in place to assess performance.

**(25) Response**

The table below indicates the department's five largest (in terms of expenditure) existing projects benefiting regional and rural Victoria and their budget allocation for 2009-10.

Project name	TEI (\$M)	Purpose/scope	09/10 Budget (\$M)	Performance measures
<b>Existing projects</b>				
Warrnambool Hospital Redevelopment - Stage 1B (Warrnambool)	70.1	This project will deliver the second phase of the staged redevelopment of South West Healthcare's Warrnambool Hospital campus and includes a new inpatients' building and associated facilities.	24.5	Project milestones are completed on time and on budget
Warracknabeal Nursing Home Stage 1 Redevelopment (Warracknabeal)	21.4	Opened in early 2009, this project has delivered 60 new aged care beds (30 high care and 30 low care), new site infrastructure services and construction of a new store, engineering and food services facility, as part of the overall redevelopment of the Warracknabeal campus of Rural Northwest Health.	0.9	Project milestones are completed on time and on budget
Latrobe Community Health Service - Morwell Redevelopment (Morwell)	21.0	This project will see a new community health service building in Morwell, including new offices, consulting rooms and facilities for the provision of allied health services (such as alcohol and drug services, counselling, physiotherapy, district nursing, palliative care and planned activity groups for seniors' and women's health). The facility will also include six dental chairs.	9.0	Project milestones are completed on time and on budget
Nathalia District Hospital and Aged Care Redevelopment (Nathalia)	18.0	This project includes the construction of a new 26 bed health and aged care service in Nathalia, along with an integrated community health and health promotion service. The redevelopment includes 20 residential high care beds, 6 acute beds, an emergency stabilisation area and a GP clinic.	8.6	Project milestones are completed on time and on budget
Bendigo Residential Aged Care Facility (Stella Anderson Replacement) (Bendigo)	13.6	This project will deliver a new Bendigo Residential Aged Care facility to replace the outdated and outmoded Stella Anderson nursing home. The new 60 bed nursing home will provide improved levels of environmental amenity, comfort, safety, security and privacy for residents and staff.	9.5	Project milestones are completed on time and on budget

## ***Performance measures***

### **(26) Question**

Please provide the rationale for any change in performance measures presented in the budget papers for 2009-10 (including new and discontinued measures).

### **(26) Response**

The rationale for developing departmental performance measures presented in the budget papers is to provide a public record of achievement and future goals in service delivery and operations supporting human services in Victoria. Performance measures also provide a basis to identify key service statistics and trends for use in management decision-making. The rationale for changes in annual performance measures is to ensure that the measures accurately reflect achievement and target outcomes in key areas of service performance.



**(27) Question**

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2008-09 and the target for 2009-10, please provide the reasons for the variance.

**(27) Response**

Output	Output Sub Group	Performance Measure Unit Description	Type of Meas	Unit of Meas	2009-10 Target **	2008-09 Expected Outcome **	Variance (%)	Comments
Acute Health Services	Admitted Services	Major trauma patients transferred to a major trauma service	Quan	%	75	84	-10.7	Source: BP3 The patterns of transfer across the system indicate patients were transferred appropriately to a trauma service based on the trauma triage guidelines.
Acute Health Services	Admitted Services	Emergency patients transferred to ward within 8 hours	Time	%	80	69	15.9	Source BP3 Factors affecting performance include workforce shortages impacting on the availability of beds at some campuses and a higher number of complex patients presenting at some Emergency Departments.
Acute Health Services	Emergency Services	Time on hospital bypass	Qual	%	3	2.5	50.0	Source: BP3 This is a positive result reflecting hospitals' ability to cope with emergency demand.
Ambulance Services	Ambulance Non-Emergency Services	Statewide air cases	Quan	No	4100	3659	12.1	Source: BP3 2009-10 Target reflects improved coordination of air retrieval services. The 2008-09 Expected Outcome reflects improvement in service coordination and ongoing focus on appropriate use of service.
Aged and Home Care	Aged Care Assessment	Average wait between client registration and ACAS assessment - hospital-based assessment	Quan	Days	2.5	1.9	31.6	Source: BP3 2008-09 Expected Outcome reflects the priority given to assessments conducted in hospitals.

Output	Output Sub Group	Performance Measure Unit Description	Type of Meas	Unit of Meas	2009-10 Target **	2008-09 Expected Outcome **	Variance (%)	Comments
Aged and Home Care	Aged Care Assessment	Average wait between client registration and ACAS assessment - community-based assessment	Quan	Days	15	22	-31.8	Source: BP3 2008-09 Expected Outcome reflects increased referrals for community based assessments due to the ageing population. Work is continuing with the Commonwealth Government to address this issue.
Aged and Home Care	Aged Support Services	Pension-level Supported Residential Services residents provided with service coordination and support/brokerage services	Quan	No	890	447	99.1	Source: BP3 2008-09 Expected Outcome is lower due to later than expected service start-up for the 'Supported Accommodation for Vulnerable Victorians' initiative. 2009-10 Target reflects the services to be rolled out to additional residents.
Primary and Dental Health	Dental Services	Ratio of emergency to general courses of dental care	Quan	Ratio	53:47	43:57	22.4	Source: BP3 2008-09 Expected Outcome reflects improved performance.
Primary and Dental Health	Dental Services	Waiting time for dentures	Time	Months	22	17	29.4	Source: BP3 2008-09 Expected Outcome reflects the strategic targeting of agencies with long wait times which has lowered dental waiting times significantly.
Primary and Dental Health	Dental Services	Waiting time for restorative dental care	Time	Months	23	19	21.1	Source: BP3 2008-09 Expected Outcome reflects the strategic targeting of agencies with long wait times which has lowered dental waiting times significantly.

Output	Output Sub Group	Performance Measure Unit Description	Type of Meas	Unit of Meas	2009-10 Target **	2008-09 Expected Outcome **	Variance (%)	Comments
Small Rural Services	Small Rural Services - Acute Health	Standard Equivalent Value Units	Quan	Ratio	1318	1188	10.9	Source: BP3 Substitution of acute, aged and home care, primary health and other services is encouraged under the small Rural Health Services funding and accountability approach in order to meet local needs. Therefore the quantity of services delivered per output may vary from target  2008-09 Expected Outcome and 2009-10 Target reflect service substitution.
Public Health	Health Advancement	Persons completing the Life! Taking Action on Diabetes course	Quan	No	8500	2500	240.0	Source: BP3 2008-09 Expected Outcome and 2009-10 Target reflect changes made following a policy proposal by Diabetes Australia to implement the program statewide over four years to enable building of capacity and infrastructure. This improved approach has resulted in a delay in commencement of the courses.
Public Health	Health Advancement	Primary schools in Victoria signed up as members of Kids – Go for your life!	Quan	%	70	55	27.3	Source: BP3 2009-10 Target reflects the participation of additional schools signing up for the 'Go for your Life' program following the successful establishment of the program in 2007-08.
Drug Services	Drug Prevention and Control	GPs trained to prescribe pharmacotherapy	Quan	No	70	50	40.0	Source: BP3 2008-09 Expected Outcome reflects difficulties in recruiting GPs to the training. A new marketing and recruitment program is now underway but commenced later than initially anticipated.

Output	Output Sub Group	Performance Measure Unit Description	Type of Meas	Unit of Meas	2009-10 Target **	2008-09 Expected Outcome **	Variance (%)	Comments
Drug Services	Drug Treatment and Rehabilitation	Average working days between screening of client and commencement of residential-based drug treatment	Time	Days	6	6.9	-13.0	Source: BP3 The 2008-09 Expected Outcome reflects increased demand for residential-based services.
Drug Services	Drug Treatment and Rehabilitation	Average working days between screening of client and commencement of community-based drug treatment	Time	Days	3	2	50.0	Source: BP3 2008-09 Expected Outcome is a positive result and reflects improvements in waiting times.
Youth Services and Youth Justice	Youth Justice Custodial Services	Average Daily Custodial Centre Utilisation Rate: Males (under 15 years) and female	Quan	%	40-65	35	-12.5	Source: BP3 The 2008-09 Expected Outcome is positive and reflects lower than expected rates of custodial sentences.
Youth Services and Youth Justice	Youth Justice Custodial Services	Client assessment and plans for custodial clients	Quan	No	180	116	55.2	Source: BP3 2008-09 Expected Outcome reflects fluctuations in the number of young people on custodial sentences.
Housing Assistance	Long Term Housing Assistance	Properties acquired during year for long-term housing (includes leases, and joint ventures and Office of Housing funded community owned dwellings)	Quan	No	3430	1110	209.0	Source: BP3 2008-09 Expected Outcome and 2009-10 Target reflects an increase in upgrades following the allocation of new funding to social housing from the Commonwealth as part of the Nation Building and Jobs Plan National Partnership.
Housing Assistance	Long Term Housing Assistance	Number of dwellings with major upgrade during year (includes neighbourhood renewal areas)	Quan	No	3000	2650	13.2	Source: BP3 2008-09 Expected Outcome and 2009-10 Target reflects an increase in upgrades following the allocation of new funding to social housing from the Commonwealth as part of the Nation Building and Jobs Plan National Partnership.

**Staffing matters**

**(28) Question**

Please fully complete the table below, providing actual EFT staff numbers at 30 June 2008 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2009 and 30 June 2010 for the department and its major budget funded agencies.

**(28) Response**

Department of Human Services Staffing

Table 1 below indicates actual Departmental EFT staff numbers at June 2007 and March 2008 and forecast for June 2010.

In line with Government policy, the Department will adjust staffing levels to meet service delivery and associated support requirements as the need arises, however March 2009 numbers are not expected to change significantly and have been used as an estimate for June 2009.

Based on monthly FTE results over the last 60 months, and applying statistical forecasting techniques it is estimated that the June 2010 FTE will be 11,538.

Table 1 – DHS Staffing

Classification	* June 2008				* June 2009				* June 2010			
	1.Ongoing	2.Fixed Term	3.Casual	total	1.Ongoing	2.Fixed Term	3.Casual	total	1.Ongoing	2.Fixed Term	3.Casual	total
1.Allied health	231	60	0	291	228	68	0	296	232	69	0	301
2.Child Protection	1221	146	54	1421	1225	146	48	1419	1244	148	49	1442
3.Disability development and supp	3251	481	468	4200	3322	463	498	4283	3375	470	506	4351
4.Executives	0	112	0	112		117	0	117	0	117	0	118
5.Housing services	397	49	0	446	403	42	0	445	409	43	0	452
6.Youth Justice	284	62	56	402	280	47	60	387	284	48	61	393
7.VPS	3562	500	25	4086	3647	569	26	4243	3705	578	26	4309
8.Other/Various	105	57	2	164	114	54	1	169	116	55	1	172
total	9051	1466	606	11122	9218	1506	633	11357	9366	1528	643	11538

External Agencies Staffing - Public Hospitals and Aged Care Centres

Table 2 below shows June 2008 FTE staffing for hospital and aged care centres that has been collected either electronically from payroll providers or by survey from hospitals. Estimates of FTE numbers for 30 June 2009 and 30 June 2010 are 70,529 (2.4%) and 71,848 (2%).

Table 2 – Public Hospitals and Aged Care Centres

<b>Human Services Portfolio</b>	<b>30.6.08 FTE Actual</b>
<b>Major External Agencies</b>	
Public Hospitals and Aged Care Centres	
Doctors, etc	6,778
Nursing	29,981
Medical Support	12,734
Other	19,406
<b>Total - Public Hospitals and Aged Care Centres</b>	<b>68,899</b>

## 1.4 Department of Innovation, Industry and Regional Development

### ***Budget preparation***

#### **(1) Question**

What are the key budget themes underpinning the development of the budget that relate to your Department?

#### **(1) Response**

The Department has taken into account the Government priorities, Departmental strategies as contained in its 2008-11 Corporate Plan and any savings requirements in developing the Department's budget.

#### **(2) Question**

What impact have developments at the Commonwealth level, including initiatives under the COAG Reform Agenda, had on preparing the Department's component of the 2009-10 State budget?

#### **(2) Response**

Generally, developments at the Commonwealth level have had minimal impact. In Vocational Education and Training, Specific Purpose Payments negotiated with the Commonwealth will help fund the delivery of key elements of Skills Reform, including Income Contingent Loans and TAFE asset investment. Victoria also has a bilateral agreement with the Commonwealth in relation to Productivity Places funding. These places will be incorporated into Victoria's standard training delivery arrangements.

#### **(3) Question**

Please list the key assumptions (up to five) that have been used to develop the Department's projections for 2009-10.

#### **(3) Response**

The key assumptions that have been used to develop the Department's budget projections for 2009-10 are as follows:

- estimated carryover of \$35.1 million;
- budget escalation factor as applied by the Department of Treasury and Finance;
- new initiatives endorsed by ERC; and
- cumulative savings of \$40 million.

**(4) Question**

- a) What are the key risks relating to the budget estimates and the economic forecasts (please quantify these where possible)?
- b) How have these risks been managed?
- c) Please describe the economic or key external factors that pose the greatest risk to the Department meeting its budget for 2009-10.
- d) How have these matters been addressed in framing the 2009-10 budget for your Department?

**(4) Response**

- a) Response below:
  - declining world economic growth with GDP expected to fall in the advanced economies;
  - slowdown in Australia expected to be less severe than other advanced economies;
  - employment unlikely to grow in 2009 and Victoria will slow in line with the national trend; and

The key risks relating to the budget estimates are around some of the Department's core business activities, including Investment Attraction and Facilitation, Industry Development and Skills. The Department has a number of existing programs such as the Investment Support Program and new programs like the Industry Transition Fund that aim to develop/attract/retain industries in Victoria. In addition, the Department is implementing the Skills Reform change agenda which is shifting the training system to a demand driven model.

The risk factors include:

- economic/financial market uncertainty dimensions yet to be realised
  - insufficient private sector funding due to competing financial investments
  - due diligence checks exclude more applications.
  - fewer opportunities due to more competitive environment for investment attraction.
- b) Response below:
    - constantly assess programs for their relevance to industry;
    - develop programs that have inbuilt flexibility;
    - develop a Skills Reform Industry Engagement Strategy; and
    - internal audit review of due diligence and risk identification practices
  - c) Response below:
    - global economic conditions deteriorate further, leading to falls in investment, tourism, disposable income etc;
    - industry restructuring due to economic downturn reduces relevance and/or demand for Departments initiatives;
    - climate change resulting in increased natural disasters such as drought, bushfires and floods which leads to a redirection of budget to recovery programs;
  - d) The above matters have been addressed in the budget by maintaining some budget flexibility to respond to external influences. In addition, internal business processes have been reviewed in light of changing economic circumstances and refocusing initiatives to ensure their relevance to industry.



**(5) Question**

How has the Department ensured that its budget for 2009-10 is reliable in terms of being:

- affordable;
- deliverable; and
- fiscally sustainable?

**(5) Response**

The Department's annual budget process is aligned to deliver on its Corporate Plan and objectives consistent with desired Government objectives for the coming budget cycle. The budget is refined once it becomes clear what new programs or projects are to be initiated. More detailed planning then identifies the work to be done.

The Department has a robust performance reporting process to help meet its departmental objectives, and is a key mechanism for management of the department and the achievement of its budget. In addition the Department's Financial Management processes require the use of a full costing methodology (direct and indirect costs) to arrive at the cost of producing its outputs. This methodology and its application by line managers to all program budgets is reviewed by the Department's Finance area to ensure its compliance with the standard. In addition, every program is reviewed for its effectiveness against both outcomes and industry needs.

The Department also applies the Gateway Review Process for all of its new major programs and projects to ensure they align and make the contribution to the overall strategy of the Department.

**(6) Question**

In relation to each of the Department's three largest budget initiatives for 2009-10 in terms of funding:

- a) What were the broad choices in terms of service delivery and relevant policy options that the Department was confronted with at the budget development stage;
- b) What were the costings of each policy option?
- c) Please explain the linkages to the areas identified in the Annual Statement of Government Intentions released by the Government in February 2009.

**(6) Response**

**Apprentice/Trainee Completion Bonus**

- a) The Apprentice/Trainee Completion Bonus program provides an employer incentive for the attraction, retention and completion of apprenticeships and traineeships. The two policy options considered by Government during the budget development stage were to continue support for apprenticeship and traineeship completion through the Apprentice/Trainee Completion Bonus, or discontinue the program.

Budget funding was sought to continue the program as it is important that the government actively support the attraction, retention and completion of apprentices and trainees during this period of economic downturn.

The proposal progressed through the budget process and was considered by Government in the current climate to be most effective in increasing the number of apprentices and trainees completing their training.

- b) The costings for the two policy options considered were as follows:
  - continue the program: \$25 million per annum; and
  - discontinue the program: no funding required.

- c) This program is directly linked to section 7.1 of the Annual Statement of Government Intentions which outlines the Government's skills reform package, *Securing Jobs for Your Future – Skills for Victoria*. The Apprentice/Trainee Completion Bonus program is featured as a 2008-09 initiative within this package.

### **Income Contingent Loan Scheme for Victoria**

- a) As part of the skills reform package, *Securing Jobs for Your Future – Skills for Victoria*, the Government is introducing a new and fairer fee structure. Fees for basic courses such as literacy and numeracy will be reduced, while fees for higher level qualifications will increase. This recognises that people undertaking training at higher levels gain ongoing benefits in terms of job opportunities and higher wages, and therefore are better placed to contribute to the cost of their training.

In developing this policy, the Government considered options to mitigate the potential risk that tuition fees could affect participation in training. The Government negotiated the introduction of an Income Contingent Loans (ICL) scheme for students undertaking Diploma and Advanced Diploma level qualifications to offset any financial disadvantage for these students as a result of the new fees structure.

The scheme will be provided by the Commonwealth Government as an extension of their existing VET FEE-HELP arrangements. The Commonwealth has agreed to cover the costs of the loans and Victoria will contribute the fair value cost of the scheme, which represents the foregone loan fee and any non-recovered loans.

- b) It was agreed between Governments that Victoria's contribution to the scheme, the fair value cost, would be \$22.4 million over four years.
- c) This initiative is directly linked to section 7.1 of the Annual Statement of Government Intentions, which outlines the Government's skills reform package, *Securing Jobs for Your Future – Skills for Victoria*.

### **Student Management Solutions**

- a) As part of the Government's Skills Reform agenda *Securing Jobs for Your Future*, TAFE institutes will operate within a competitive training market and will be required to report on all training activity within an increasingly complex student lifecycle. The Student Management Solution will meet student and business expectations of a coordinated and integrated online system for enrolment and course management and provide for TAFE productivity improvements.

In developing the proposal, the Government considered that sustaining the current ageing system that has severe technological limitations is not cost effective and likely to limit the capacity of the TAFE system to support Skills Reform. For this reason, the Government decided that a coordinated Student Management Solution was the preferred option.

- b) Response below:
- sustain ageing systems – \$95.8 million to \$128 million;
  - individual TAFE institutes replace systems – \$147.4 million to \$174.1 million; and
  - coordinated Student Management Solution – \$92.5 million
- c) This initiative is directly linked to section 7.1 of the Annual Statement of Government Intentions, which outlines the Government's skills reform package, *Securing Jobs for Your Future – Skills for Victoria*.

### **(7) Question**

What programs, if any, have been deferred to future years to reduce financial pressures on the budget and achieve targeted budget surpluses?

**(7) Response**

No programs have been deferred to future years to reduce financial pressures on the budget and achieve targeted budget surpluses.

**Asset funding**

**(8) Question**

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2009-10, including each project's TEI. Please include the budget allocation for each.

**(8) Response**

The current approved projects for which there is budgeted expenditure in the 2009-10 year are listed in the following table.<sup>1</sup>

<b>Project title</b>	<b>Project TEI (\$'000)</b>	<b>2009-10 Budget (\$'000)<sup>2</sup></b>
Automotive Centre of Excellence - Kangan Batman (Docklands)	30,000	10,000
Improving TAFE Equipment (Various)	48,000	12,000
South West Institute of TAFE - Warrnambool Stage 3 redevelopment (Warrnambool)	11,000	2,500
Technical Education Centres (Various)	32,000	4,000
Ballarat University - School of Mines Car Park Redevelopment (Ballarat)	3,250	2,250
Bendigo Institute of TAFE - Charleston Road Campus Redevelopment (Bendigo)	11,000	7,000
Geelong Future Cities Master Plan - Cultural Precinct Stage 1 - Construction (Geelong)	7,865 <sup>3</sup>	418
Northern Melbourne Institute of TAFE - Campus Redevelopment Stage 1 (Epping)	10,450	2,000
Wodonga Institute of TAFE - National Logistics and Driver Skills Training Centre (Wodonga)	16,000	7,000
RMIT University - Advanced Manufacturing Design and Technology Precinct	7,000	5,000

1 Includes State Funded Projects Only

2 Refers to current budget allocation and may change as a result of 2008-09 end of year outturn.

3 A total of \$7.065 million of the TEI is being treated as Output funding due to the nature of the work. Of this, \$5.483 is in the 2009-10 year.

**Projects Approved in the 2009-10 Budget Process**

Project title	Project TEI (\$'000)	2009-10 Budget (\$'000)
Aviation Training Academy – Centre of Excellence	3,000	3,000
E-Gate - Redevelopment Planning	2,000	2,000
Film and TV Studios - Docklands	770	770
Princess Pier Restoration	34,000	10,000
Skills Reform – World Class TAFE Facilities	1,000	1,000

**(9) Question**

What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the Department’s responsibilities?

**(9) Response**

Asset management challenges within the DIIRD portfolio in the immediate to long-term include:

- responding to changes in demographic profile with increasing populations in the growth areas and changing demand for existing services. This requires DIIRD to be pro-active in identifying service demands and Asset/Infrastructure solutions;
- increasingly complex and diverse community needs, desires and service delivery expectations;
- responding to the Government’s policy agenda, particularly in relation to changing rural populations and service delivery needs;
- responding to, and implementing new technologies to enhance service delivery. These technologies include ICT, equipment, etc;
- the need to be innovative in seeking alternatives to existing delivery of services;
- responding to the requirements of reform in the TAFE sector;
- Improvement in the utilisation of existing facilities; eg TAFE Institutes;
- occupational health and safety issues which impact on employees and users facilities; and
- responding to the increasing scarcity of financial and human resources through the exploration of alternative funding sources and reducing asset lifecycle costs.

**(10) Question**

Has the Department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the Department’s operations? If so, please provide details of the findings.

**(10) Response**

The Department is progressively implementing the requirements of Government’s Asset Management Framework. The strategy is intended to provide Government and Departments with an immediate to long-term view of the strategic options for meeting Government’s desired outcomes and priorities. The scope of the strategic package provides for an Asset Strategy.

The Asset Strategy summarises the direction intended to be taken to drive and steer asset management over a rolling 10 year horizon, provides Government with a preferred direction that identifies what is achievable in asset holdings and advises on their preferred mix over time, given known and emerging constraints; and provides the reference to better identify and develop asset, asset-related and non-asset proposals

**(11) Question**

In relation to the unapplied output and asset funding carried forward to 2009-10, please provide:

- a breakdown of the carried forward funding for both output and asset initiatives;
- the underlying reasons for the Department's funding carryover for each category; and
- the intended revised timing for use of the carried forward funds, including project specific details for asset initiatives.

**(11) Response**

The estimated carried forward to 2009-10 of \$35.1 million\* is made up of the following output initiatives:

Business Development	\$ 0.80 million
Local Government Summit	\$ 0.06 million
Living Regions Living Suburbs	\$ 0.45 million
Skills Statement	\$ 2.00 million
Future Farming Strategy	\$ 0.06 million
Growing Regional Innovation Program	\$ 0.30 million
Farmers Market	\$ 0.30 million
CRISP Bushfire	\$ 0.56 million
Employment Initiatives	\$ 0.20 million
Office of Workplace Rights Advocate	\$ 0.60 million
Improving Indigenous Lives	\$ 0.20 million
New Workforce New Workplace	\$ 2.80 million
Trade Fairs & Missions	\$ 0.30 million
Investment Attraction	\$ 1.00 million
Vic Alliance	\$ 0.25 million
Opening Doors Export Plan	\$ 0.50 million
Tiger Teams & Victorians Abroad	\$ 0.05 million
Connect Victoria	\$ 0.40 million
Service Victoria	\$ 1.00 million
Enhancing Sustainability in Investments	\$ 1.27 million
Major Events Cap	\$ 0.26 million
Victorian Innovation Strategy	\$ 0.50 million
World Expo Shanghai	\$ 0.80 million
Victorian Government International Network	\$ 0.50 million

\* *In addition to the above, the Industry Transition Fund has a budget of \$25 million in 2008-09. Of the \$25 million, a total of \$14.4 million is committed to the end of April, with the likelihood of further commitments by end of June 2009. However about \$5 million is anticipated to be spent to 30 June 2009.*

The estimated carried over funding for asset initiatives is \$29.4 million, made up of the following:

Princes Pier	\$ 7.71 million
Parkville Gardens	\$ 7.51 million
TAFE Asset Replacement funded through asset sales	\$14.20 million

The above projects do not include carry over budget from the previous year. It is anticipated that the previous year carry over budget will not be spent in 2008-09 and therefore this funding should be rephrased in future years.

The reasons for the Department's output funding carry over are as follows:

- grant recipients not achieving milestones in line with payment scheduled;
- delays in finalising grant contracts; and
- delays in starting of new initiatives (relating to recruitment of staff to administer programs, etc).

The reasons for the department's asset carry over are as follows:

Princes Pier - Existing timbers that were to be reused, were found to be much worse than anticipated, once exposed through the demolition process. As a result, the demolition works had to be stopped for a substantial part of this financial year while the plans were being revised. The demolition works have now recommenced.

Parkville Gardens – Project has been delayed by the developer due to the economic downturn.

TAFE Asset Replacement funded through asset sales – Revenue associated with asset sales is expected to be received very late in the 2008-09 financial year, and therefore will not be able to be spent until the following year.

It is anticipated that the carry over funding will be used in 2009-10.

## ***Efficiencies, savings and productivity improvement***

### **(12) Question**

In relation to the estimated efficiencies to be derived in 2009-10 (including from the various measures that fall under the umbrella of the Efficient Government policy and the other targeted initiatives, please provide:

- a) a breakdown of all planned efficiency savings for 2009-10 according to the various measures of efficiency that apply to the Department's operations as identified in the 2007-08 and 2008-09 Budgets, and in new measures introduced in the 2009-10 Budget;
- b) an explanation of:
  - how decisions regarding applicable savings measures are to be made;
  - the nature of their expected impact on programs, for example, programs expected to be accelerated, deferred or discontinued; and
  - the basis for estimating the savings target to be achieved for each measure;
- c) particulars of any changes to the Department's allocated savings for 2009-10 from the data shown in the 2007-08 and 2008-09 Budgets; and
- d) a description of any areas earmarked for productivity improvement in 2009-10.

**(12) Response**

a) The cumulative savings for 2009-10 is \$40 million. A breakdown of these savings is as follows:

Buying Smarter Buying Less	\$ 4.05 million
Shared Services	\$ 0.35 million
Grant Administration	\$ 3.23 million
Fleet Management	\$ 0.03 million
Advertising & Consultancies	\$ 0.82 million
Integrated Focus on ICT	\$ 2.08 million
Grants Duplication	\$ 5.47 million
Labour cost savings	\$ 1.76 million
State Purchasing Contract	\$ 1.00 million
Workcover Savings	\$ 1.30 million
VMIA Insurance	\$ 0.20 million
Machinery of Government transferred Savings	\$ 1.80 million
Grants Consolidation	\$ 3.60 million
Further savings relating to 2008-09 Budget initiatives	\$ 8.32 million
Additional savings relating to 2009-10 Budget initiatives	\$ 6.00 million

b) Applicable savings are to be made by way of the following measures:

**Buying Smarter, Buying Less**

Savings have been applied according to procurement capacity which largely resides in the Skills portfolio.

**Shared Services and Fleet**

The 2008-09 savings are being met across the Department.

**Grant Administration and Grant Duplication**

The Department reviewed the capacity to absorb grant savings across programs while delivering on commitments. Savings have been applied accordingly.

**Intergrated Focus on IT**

These savings are being met from the Innovation & Technology grant programs.

**Consultancies & Advertising**

Savings on consultancies and advertising have been applied.

**Other**

In addition to the above savings the Department is on track to achieve its 2008-09 savings. Savings are being met from a range of programs across the Department. The Department has also reviewed its grant programs and are on track to achieve savings associated with administration and duplication.

There will be no impact on programs as a result of these efficiencies. They will be achieved through efficiencies in the grant administration processes.

The savings targets above are consistent with the savings levied during the budget process.

- c) The changes to the Department's allocated savings for 2009-10 from the data shown in the 2007-08 and 2008-09 Budgets is \$6 million.
- d) The Department has identified a number of largely staff and administrative related costs earmarked for productivity improvement in 2009-10 without impacting on the delivery of outputs. The productivity improvements assigned for 2009-10 is as follows:

#### **Reductions in consultancy and contractor costs**

Achieved via mix of project scope changes and/or cancellations, delivering projects through VPS staff that previously may have been contracted out, and achieving price reductions due to more favourable labour market conditions.

### ***Environmental challenges***

#### **(13) Question**

- a) What are the key environmental issues that are predicted to have an impact on services delivered by the Department's portfolios in 2009-10?
- b) How have these issues been addressed in the Department's budget estimates for 2009-10?
- c) Please list up to five projects or programs worth over \$1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2008-09 and 2009-10 for existing projects if applicable).

#### **(13) Response**

- a) The Department recognises a number of environmental challenges that will continue to impact on its operations, including:
  - ongoing impact of drought on regional communities and industry;
  - climate change;
  - water pricing and availability;
  - energy pricing, efficiency and emissions;
  - waste charges;
  - increased environmental legislation; and
  - ensuring Victoria has a skilled workforce to fulfil emerging environmental sector needs.
- b) These issues are being addressed through various ongoing programs aimed at making industry more resource efficient, assisting communities to manage the impact of drought and positioning Victoria to benefit from the opportunities that will emerge in addressing environmental issues such as climate change.  
Continuing initiatives include:
  - Water for industry, to support the reduced consumption of town water of key regional industries;
  - Biofuels Infrastructure Grants to support implementation of the Biofuels Industry Roadmap, encouraging use of alternative energy;
  - funding through Regional Development Victoria, to support regional communities and industries to plan and manage change associated with drought and climate change;



- continued focus of Small Towns Development Funds on locally driven water efficiency initiatives in smaller regional communities; and
- Specialist Centres in Sustainability such as the Green Plumbing Training Centre which will focus providing training on energy saving, waste reduction and water conservation to domestic and international students.

The Department is also ensuring that identified environmental challenges are recognised and addressed as part of its policy development function.

- c) Initiatives that have been provided in the budget to address environmental issues are listed in the table below:

<b>Initiative</b>	<b>Total Funding</b>	<b>2008/2009 Budget</b>	<b>2009/2010 Budget</b>
Water for Industry	\$10 million	These initiatives are part of the Regional Infrastructure Development Fund. Funding is available until June 2010 unless fully allocated prior to this date.	
Biofuels Infrastructure Grants	\$5 million		
Small Towns Development Fund (drought component)	\$10 million		
Developing Water and Energy Efficiency	\$10 million		
Planning for Change	\$2 million	This initiative is part of the Provincial Victoria Growth Fund. Funding is available until June 2010 unless fully allocated prior to this date.	

**(14) Question**

What initiatives are planned by the Department in 2009-10 to enhance reporting of the mandatory and optional office-based environmental indicators identified in FRD 24C.

**(14) Response**

**Mandatory Indicator Reporting**

Currently, FRD24C specifies 28 mandatory office-based reporting requirements, covering seven key areas (energy, water, waste, paper, transport, greenhouse gases and procurement).

The Department currently meets all of these mandatory requirements and exceeds these in the following areas:

- reports on all of its regional and metro offices regardless of the number of FTE. These offices have less than 10 FTE (minimum requirement is for sites with more than 10 FTE);
- sets annual environment performance targets, which include an additional 10 indicators that it reports against internally; and
- generates quarterly reporting on all environment management performance targets.

## Optional Indicator Reporting

DIIRD is considering enhancing its reporting in 2009-10 as follows:

- waste – itemising waste streams (kgs associated with individual streams; paper, commingled recycling, organics and landfill);
- paper - itemising types of paper, ie – coloured and white and/or local product or import; and
- water – units of water consumed in offices per m2 (kilolitres per m2).

## Spending

### (15) Question

Please outline any major expenditure policy shifts in 2009-10. In relation to these, please explain:

- the assumptions underpinning the policy decision;
- alternative scenarios considered; and
- fiscal effects.

### (15) Response

The Government recently announced a \$316 million overhaul of Victoria's training sector. *Securing Jobs for Your Future*, this will create a world class training sector - delivering for the future needs of business, industry and the community.

Under this significant reform, every eligible Victorian will be guaranteed a training place. This initiative will create 172,000 new training places and deliver a massive boost to TAFE infrastructure across the State.

Some of the key features of the package include:

- establishment of a Victorian Training Guarantee - an Australian first that gives people the entitlement to access Government subsidised training at any time on the condition they keep moving up the qualification scale for skills;
- funding for hiring of an extra 900 teachers and 500 non teaching staff;
- supporting greater student choice - by enabling students to train at either public or community providers, including a much broader range of private providers;
- creating the opportunity (for the first time) for students to access finance to study in TAFE and private registered training organisations;
- \$52 million to deliver *Skills for Growth* - a new workforce development program to assist Victorian businesses develop the skills of their workforce; and
- \$20 million investment into boosting broadband capacity in TAFE.

### Assumptions underpinning change

- while Victoria has recently enjoyed strong economic growth, skills shortages are already presenting a constraint on the capacity of the economy. Growth in productivity has slowed and we face some significant challenges in maintaining and improving economic outcomes;
- there is now a shortage of skilled workers across a range of industries, and these shortages constrain capacity, slow growth and restrict the ability of businesses to stay competitive;

- beyond the immediate shortages, Victoria needs capable workers with skills in the right areas and the right levels for the future, a workforce able to meet changing industry needs and the needs of businesses operating in the global market;
- for businesses to be competitive globally, and for individuals to be competitive in the labour market, individuals need a post-school qualification, beyond Year 12 or Certificate II. Indeed, by 2015 it is estimated that Victoria will have a shortfall of approximately 123,000 Diploma and Advanced Diploma qualified workers; and
- there are 1.64 million working age Victorians with no post-school qualification. This weakens their attachment to the labour force, and for many leads to poor outcomes outside the labour force, underemployment or unemployment

**(16) Question**

What processes have been applied by the Department to ensure that new programs have been rigorously costed?

**(16) Response**

The Department's financial management processes require the use of a full costing methodology (direct and indirect costs) to arrive at the cost of producing its outputs. This methodology and its application by line managers to all program budgets is reviewed by the Department's Finance area to ensure its compliance with the standard and benchmarked against other existing programs for reasonableness. The Department's Finance area also reviews the key costing assumptions for each new program before it is submitted for funding approval.

**(17) Question**

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2008-09 and the target for 2009-10 for individual outputs.

**(17) Response**

<b>Output</b>	<b>2008-09 Estimated Outcome</b>	<b>2009-10 Target</b>	<b>Variance %</b>
Strategic Policy	7.2	8.0	11.1%
Regional Infrastructure Development	51.2	84.6	65.2%
Tourism	86.1	75.2	-12.7%
Skills	1,796.7	1,829.1	1.8%
Sector Development	39.7	66.3	67.0%
Small Business	28.1	40.5	44.1%
Innovation	33.1	20.2	-39.0%
Science & Technology	105.9	177.4	67.5%
Investment Attraction and Facilitation	79.9	71.8	-10.1%
Exports	10.8	18.4	70.4%
Industrial Relations	11.8	8.6	-27.1%
Workforce Participation	21.6	27.1	25.5%
Regional Economic Development, Investment and Promotion	50.8	69.5	36.8%
Major Projects	25.9	9.3	-64.1%
	<b>2,348.8</b>	<b>2,506.0</b>	<b>6.7%</b>

**Strategic Policy Output (Variance 11.1%)**

- net effect of carryovers \$0.2m
- overhead reallocation \$0.6m

**Regional Infrastructure Development (Variance 65.2%)**

- new funding for projects under Victorian Transport Plan \$16.2m
- increase in level of funding for Regional Infrastructure Development Fund \$20m
- funding transferred from capital for Geelong Future Cities Master Plan \$5.4m
- overhead reallocation \$2.1m

Offset by:

- reduction due to 2008-09 Treasurer's Advance funding for Small Town Development Fund \$5m
- reduction due to 2008-09 Treasurer's Advance funding for Victorian Transport Plan \$5m
- reduction due to net effect of carryovers \$0.3m

**Tourism (Variance -12.7%)**

- new funding for Bushfire Recovery \$8m
- increased funding relating to the Melbourne Convention and Visitors Bureau Funding Framework \$3.1m
- overhead reallocation \$1.7

Offset by:

- transfer of Major Events Cap Grand Prix funding to Department of Planning and Community Development \$11.0m
- cessation of funding for South Wharf Sheds \$5.4m
- cessation of funding for Melbourne Convention centre project management costs \$1.5m
- cessation of funding for Victorian Tourism Exchange \$3.0m
- reduction due to 2008-09 Treasurer's Advance funding for Point Bellarine legal costs \$0.8m
- reduction due to 2008-09 Treasurer's Advance funding for Bushfire Recovery \$2.0m

**Sector Development (Variance 67.0%)**

- new Funding for International Export Service Managers \$0.5m
- net impact of carryovers \$28.2m

Offset by:

- overhead reallocation \$2.1m

**Small Business (Variance 44.1%)**

- new Funding for Koorie Business Network \$1.0m
- additional funding for World Class Service \$1.3m
- net effect of carryovers \$1.6m

- additional funding for Skills for Growth \$11.3m
- overhead reallocation \$1.1m

Offset by:

- reduction in funding for Small Business Statement initiatives \$2.3m
- reduction in funding for My Business My People \$1.6m

**Innovation (Variance -39.0%)**

- new Funding for Victorian Government Expo Centre \$0.5m
- net impact of carryovers \$3.4m
- overhead reallocation \$1.0m

Offset by:

- cessation of funding for Service Victoria \$2.0m
- impact of re-phasing and transfer of Victorian Innovation Strategy Initiatives to Science and Technology output for 2009-10 \$2.0m
- transfer of some ICT initiatives to Science and Technology in 2009-10 \$13.8m

**Science and Technology (Variance 67.5%)**

- Increase in level of funding for Victorian Innovation Strategy Initiatives \$61.0m
- Net impact of carryovers \$1.4m
- Transfer of Victorian Innovation Strategy Initiatives from Innovation output for 2009-10 \$2.0m
- Transfer of some ICT initiatives to Science and Technology in 2009-10 \$13.8m

Offset by:

- reduction in funding for e-Research \$1.0m
- reduction in funding for STI initiative \$2.8m
- cessation of funding for Enhancing Sustainability in investments \$1.3m
- overhead reallocation 1.6m

**Investment Attraction and Facilitation (Variance -10.1%)**

- new funding for VGBO Commissioners \$0.8m
- new funding for Industry Support Initiatives \$0.6m
- increase in funding for Investment Support Program \$12.0m
- increase in funding for World Expo Shanghai \$1.1m
- net impact of carryovers \$3.1m

Offset by:

- reduction due to 2008-09 Treasurer's Advance funding for Investment support program \$22.6m
- reduction in funding for VGBO Network \$0.5m
- reallocation of part of VGBO Network funding to Export Output \$2.0m
- overhead reallocation \$0.6m

**Exports (Variance 70.4%)**

- new funding for International Export Service Managers \$1.2m
- net impact of carryovers \$2.9m
- reallocation of part of VGBO Network funding from Investment Attraction and Facilitation Output \$2.0m
- increase in funding for World Expo Shanghai \$1.1m
- overhead reallocation \$0.4

**Industrial Relations (Variance -27.1%)**

- new funding for New Workforce Partnerships \$0.8m
- net impact of carryovers \$1.0m

Offset by:

- cessation of funding for the Office of Workplace Rights Advocate \$2.2m
- overhead reallocation \$2.8m

**Workforce Participation (Variance 25.5%)**

- new funding for New Workforce Partnerships \$3.8m
- new funding for Boosting Jobs for Victorians \$0.3m
- impact of Carryover from 2008-09 \$6.4m

Offset by:

- reduction in funding for Murnane's Mill \$1.3m
- reduction due to 2008-09 Treasurer's Advance for Otways Timber Industry assistance Program \$2.7m
- overhead reallocation \$1.0m

**Regional Economic Development, Investment and Promotion (Variance 36.8%)**

- increase in level of funding for Provincial Victoria Growth Fund \$18.0m
- net impact of carryovers \$7.4m

Offset by:

- reduction due to 2008-09 Treasurer's Advance funding for SATYAM \$4.0m
- reduction of funding relating to Geelong Future Cities master Plan \$1.6m
- overhead reallocation \$1.1m

**Major Projects (Variance -64.09%)**

- additional funding for Princes Pier Restoration \$0.9m

Offset by:

- reduction in funding relating to Northbank Pedestrian Bridge \$16.2m
- reduction due to 2007-08 carryover \$0.8m
- overhead reallocation \$0.5m

**(18) Question**

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2008-09 and the budget for 2009-10, please provide an explanation.

**(18) Response**

Variation in employee benefits expenses are under 10%.

**(19) Question**

Please provide a tabular dissection of the Department's 2009-10 budget and expected expenditure for 2008-09 under the Government's key themes presented annually in the Victorian Budget Overview differentiating between new funding initiatives and ongoing funding.

**(19) Response**

	<b>Total State Appropriation Budget (Output Appropriation)</b>	<b>2009-10 Output Initiatives</b>	<b>2009-10 Asset Initiatives</b>
Driving jobs, growth and competitive innovative businesses	1,515,090,567	65,667,000	33,585,000
Securing a prosperous future for Provincial Victoria	154,077,533	16,200,000	
	1,669,168,100	81,867,000	33,585,000

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

**(20) Question**

In terms of any major revenue policy changes contained in the 2009-10 budget relating to revenue generation, tax expenditures or concession and subsidies, please explain:

- the assumptions underlying the analysis;
- alternative scenarios considered; and
- the fiscal effect of any tax changes.

**(20) Response**

Not applicable to the Department of Innovation, Industry and Regional Development

**(21) Question**

- a) In relation to 2009-10, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.
- b) Please outline the actual and expected financial impact in 2009-10 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the Department.

**(21) Response**

Not applicable to the Department of Innovation, Industry and Regional Development

**(22) Question**

Please provide a listing of any revenue measures (taxation, fees, fines etc) or any concessions (or subsidies) where changes are more or less than the cost of living adjustment (include the value of such measures and the percentage change).

**(22) Response**

Not applicable to the Department of Innovation, Industry and Regional Development

**(23) Question**

For the Department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2008-09 and the budget for 2009-10.

**(23) Response**

Not applicable to the Department of Innovation, Industry and Regional Development

**Regional and rural considerations**

**(24) Question**

- a) What are the critical issues facing regional and rural communities in 2009-10 that depend on services provided by the department (please provide comment relating to particular areas of the State where applicable)?
- b) How does the Department's 2009-10 budget address these issues?

**(24) Response**

- a) The Regional Strategic Planning Initiative (RSPI) was announced by the Premier in June 2008 and is being overseen by the Ministerial Taskforce on Regional Planning, led by the Minister for Regional and Rural Development. The RSPI has involved extensive research and analysis of the key challenges and drivers of change in regional and rural Victoria. These have been validated by regional Victorian leaders through the Ministerial Taskforce's community engagement regional exchange forums.

The critical issues facing regional and rural Victoria in 2009-10 and beyond include the following:

**Impacts of climate change and drought**

Drought, climate change and environmental sustainability present major challenges for communities across regional Victoria, with key issues including:

- Water supply and security;
- Implications for industries of carbon constraints;
- Implications for the energy sector, e.g. the Gippsland coal industry;
- Implications for agricultural practices;
- Risks to coastal areas from sea level rise; and
- Risks to maintaining a healthy biodiversity.

Specific regional issues identified through the Ministerial Taskforce's engagement with communities include:

- The impact of climate change on the viability of existing farming practices in some regions (e.g. Loddon Mallee);
- opportunities for food production in areas with a relatively secure water supply (e.g. Gippsland, Barwon South West); and
- opportunities in relation to renewable energy and carbon capture technologies in a number of regional areas (e.g. Grampians and Loddon Mallee).



### **Adapting regional economies and industries - industry, investment, employment, skills and education**

Regional Victoria will maintain its strong contribution to the Victorian economy through globally competitive industries that rely increasingly on a highly skilled and well trained workforce. Innovation in agriculture, energy and other sectors is essential to position regional economies to respond to future challenges.

Specific regional issues identified through community engagement include:

- Diversification and innovation in the face of major challenges to existing industries (e.g. Wimmera Southern Mallee);
- Improving training and skills development to facilitate economic and industry transition and address skills gaps (e.g. Loddon Mallee, Gippsland); and
- Building leadership and community capacity to respond to new challenges and opportunities (e.g. Wimmera Southern Mallee, Hume).

### **Infrastructure provision – transport, energy, ICT and planning**

Economic infrastructure is key to building the competitive capacity of regional Victoria. It is a means of driving investment, jobs and population growth, and supporting community well-being. Similarly, social infrastructure for delivery of education and health services supports economic growth, enables regional economies to prosper, and contributes to liveability.

Specific regional issues identified through research and community engagement include:

- Integrating land use, transport and infrastructure planning to facilitate regional growth (e.g. Gippsland, Barwon South West); and
- Developing new service delivery models to provide for the changing needs of communities (e.g. Grampians, Loddon Mallee).

The Regional Strategic Planning Initiative has three key elements which will help provincial Victoria to continue to thrive in the face of changing demographic, social, environmental and economic conditions:

- Development of a long-term, state-wide blueprint to manage the growth and change taking place in provincial Victoria, to be released in late 2009;
  - Support for the ongoing development of ‘place-based’ regional plans that are integrated with the state-wide blueprint; and
  - Improvements to the overall processes and governance of regional planning across the State, including greater co-ordination between all levels of Government.
- b) The 2009/2010 budget for RDV includes the final year of budget under the Moving Forward Statement, and in particular a range of initiatives under the Regional Infrastructure Development Fund (RIDF) and the Provincial Victoria Growth Fund (PVGF) that will address many of the challenges ahead.

### **RIDF**

The RIDF has a 2009/10 budget of \$61 million. The RIDF supports infrastructure projects that improve the competitive capacity of regional Victoria and enhance economic development through investment, job creation and the promotion of export opportunities. A range of sub programs are delivered under the RIDF such as Arts and Cultural Facilities, Local Roads to Market, On Farm Energy Grants, Water and Energy Efficiency and Local Ports Infrastructure. The Small Towns Development Fund supports infrastructure projects that assist communities in small towns create new opportunities for socio-economic growth and development.

## **PVGF**

The PVGF budget for 2009/10 is \$39.28 million, and includes initiatives being delivered by RDV and other agencies. The PVGF helps regional communities market and promote provincial Victoria, capture new industry opportunities, tackle skill shortages and manage for growth and change through a number of defined initiatives.

It includes \$13.5 million over five years to support Councils plan for growth and change. This provides for projects under the Planning for Growth and Planning for Change Programs that address both issues surrounding growth pressures and opportunities and also those issues from a changing climate and other factors such as increased global competition. They assist Councils to better position them in developing and delivering solutions to local economic sustainability challenges.

The \$3 million towards the Regional Strategic Planning Initiative will continue to investigate these challenges and develop the regional Blueprint to assist the Government and regions to respond collaboratively.

The \$5.2 million over five years Make it Happen in Provincial Victoria campaign concludes in 2009/10, and has focused on career opportunities, advertising and marketing through print and television, expos and other activities. The scope for 2009/10 is currently being finalised.

The Community Regional Industry Skills Program concludes in 2009/10 and provides provide targeted funding to tackle skill shortages and create sustainable industries and jobs across country Victoria and in turn generate industry development, new jobs and improved services for rural and regional communities.

A range of other programs under the PVGF will continue to be implemented in 2009/10 that will help address the challenges identified.

A non Moving Forward budget item in 2009/10 is the \$5.94 million Living Regions Living Suburbs Program. This program supports initiatives promoting economic and social renewal in rural, regional and interface communities throughout Victoria, with a particular emphasis on projects that achieve the development of a sound economic base through the social and economic revitalisation of communities.

### **(25) Question**

Please provide a table showing for up to five of the Department's largest projects (in terms of expenditure) benefiting regional and rural Victoria the:

- budget allocation for 2009-10 dissected between new and existing projects;
- the purpose of each project;
- how the funding is to be spent; and
- the performance measures in place to assess performance.

**(25) Response**

<b>Initiative</b>	<b>2009-10 Budget (\$m) Existing</b>	<b>2009-10 Budget (\$m) New<sup>1</sup></b>	<b>Purpose</b>	<b>Application of Funding</b>	<b>2009-10 Performance Measures</b>
Regional Infrastructure Development Fund (RIDF)	61.00	19.20	The RIDF supports infrastructure projects that improve the competitive capacity of regional Victoria and enhance economic development through investment, job creation and the promotion of export opportunities	In accordance with published Guidelines and RIDF Act.	<ul style="list-style-type: none"> <li>• RIDF projects funded.</li> <li>• Small Towns Development Fund projects funded.</li> <li>• RIDF Committee recommendations accepted by Ministers.</li> <li>• Advice to RIDF applicants - after receipt of applications.</li> </ul>
Provincial Victoria Growth Fund	39.28		The PVGF helps regional communities market and promote provincial Victoria, capture new industry opportunities, tackle skill shortages and manage for growth and change through a number of defined initiatives.	In accordance with published Guidelines.	<ul style="list-style-type: none"> <li>• Projects to support Council plan for growth and change.</li> <li>• Provincial Economic Partnerships - projects supported.</li> <li>• Provincial Events held with RDV Support.</li> <li>• Delivery of Leadership Programs in Provincial Victoria.</li> </ul>
Geelong Innovation and Industry Fund	3.00		Funding to support industry development in Geelong in partnership with the Commonwealth Government	In accordance with published Guidelines and in partnership with the Commonwealth Government	Contributes to: "Jobs created in regional Victoria"
Living Regions Living Suburbs	5.94		LRLS supports initiatives promoting economic and social renewal in rural, regional and interface communities throughout Victoria, with a particular emphasis on projects that achieve the development of a sound economic base through the social and economic revitalisation of communities.	In accordance with published Guidelines. Emphasis on Bushfire recovery expected in 2009-10.	Contributes to: "Jobs created in regional Victoria"
Geelong Future Cities Master Plan	5.48		Upgrade of the Courthouse Youth Arts Centre and for detailed planning work and business case development for the Geelong Performing Arts Centre, and the Geelong Central Library.	Delivery in partnership with the Greater Geelong City Council and Major Projects Victoria	Courthouse Youth Arts Centre upgrade and business cases completed

<sup>1</sup> All new budgets are subject to ERC approval and announcement in the 2009-10 Budget Papers due May 2009.

## Performance measures

### (26) Question

Please provide the rationale for any change in performance measures presented in the budget papers for 2009-10 (including new and discontinued measures).

### (26) Response

The changes in performance measures presented in the budget papers for 2009-10 are shown in the tables below:

#### New/Changed Performance Measures:

Performance Measure	Unit of Measure	2009/2010 Target	2008/2009 Expected Outcome	Explanation
<b>Sector Development</b>				
Percentage of companies that intend to implement new best practice tools and methodologies as a result of participating in the Innovation Insights Program	per cent	90	nm	New measure to replace the Companies participating in Innovation Insights Visits Program.
<b>Small Business</b>				
Agencies participating in World Class Service initiative	number	200	140	Increase in 2009-10 target is consistent with business case and reflects project phasing and maturity.
Business interactions (call, web, in person)	number	260000	220000	Increase in 2008-09 target in line with business case and reflects increased usage following greater functionality.
Registration for online services	number	60000	50000	
Skills for Growth – businesses assisted	number	1500	nm	Part of the Skills Reform package, Skills for Growth is a new program administered by Small Business and Skills Victoria.
Skills for Growth – training placements	number	15000	nm	Part of the Skills Reform package, Skills for Growth is a new program administered by Small Business and Skills Victoria.
Client satisfaction of small business information, referral, mentoring service and business programs	per cent	90	90	The 2009-10 performance measure is the same as the 2008-09 measure except for the deletion of the word 'or', and the inclusion of the words 'and business programs'. The inclusion of these words has no material impact on the meaning or methodology of this measure.
Victorian Small Business Commissioner – proportion of business disputes successfully mediated by Commissioner	per cent	75	79	Increase in target reflects the increase in results from previous years.
<b>Innovation</b>				

**Appendix 1: Department of Innovation, Industry and Regional Development**

Average monthly number of visits to Victoria Online	number	15000	nm	New performance measure to replace the 2008-09 measure Victoria Online-Increase in usage. The new measure is consistent with measures relating to websites and is indicative of the services provided.
Design Sector Initiative: Business immersions completed	number	6	nm	New, more meaningful measure to replace the Design Sector Initiative: Case studies completed.
Design Sector Initiative: People participating in lectures, seminars and workshops	number	4000	2400	Increase in target reflects the increase in demand and consolidation of the discontinued measure Design Sector Initiative: Lectures, seminars and workshops held.
Customer satisfaction with information services from Information Victoria	per cent	90	nm	This new performance measure replaces the discontinued measure Develop information resource products, standards and guidelines in response to identified Government requirements. This improved measure serves to guide continuous improvement of the services provided.
<b>Science and Technology</b>				
Biotechnology projects and programs underway	number	15	13	Increase in target reflects the additional programs to be undertaken as a result of the Biotech Bridges initiative under Innovation: Victoria's Future.
New contracts established for the Technology Commercialisation program <sup>(n)</sup>	number	4	nm	This new performance measure provides information on the Technology Commercialisation program under Innovation: Victoria's Future.
Science projects and programs underway	number	7	nm	This new performance measure provides information on the Technology Commercialisation program under Innovation: Victoria's Future.
Small/medium enterprise (SME) research and development feasibility studies or contracts underway	number	4	nm	This new performance measure provides information on the Technology Commercialisation program under Innovation: Victoria's Future.
Information and Communication Technology (ICT) projects and programs underway	number	40	27	Increase in target reflects additional projects to be undertaken as a result of the Technology: ICT Capability initiative under Innovation: Victoria's Future and integration of the of the discontinued measure Development of whole-of-government information and service access strategic directions relating to improvements in service performance and greater public participation.
Percentage of funded science projects that are industry led or contain an industry partner as a founding consortium member	per cent	60	nm	This new performance measure provides information on the Technology Commercialisation program under Innovation: Victoria's Future.
<b>Exports</b>				

**Report on the 2009-10 Budget Estimates**

Companies provided with export assistance	number	4050	3250	The 2009-10 target has been increased to reflect consolidation of the discontinued performance measure Number of firms participating in individual export specific programs.
<b>Regional Infrastructure Development</b>				
RIDF projects funded (excluding Small Towns Development Fund)	number	20	42	Increase in target reflects an increase in budget phasing for 2009-10. The 2008-09 Expected Outcome reflects increased activity associated with RIDF initiatives, such as the Local Roads to Markets Program, which support a higher volume of smaller projects.
<b>Regional Economic Development, Investment and Promotion</b>				
Projects to support Councils plan for growth and change	number	20	25	Decrease in target reflects planned reduction in budget phasing of the Planning for Growth and Planning for Change Programs.
Provincial Economic Partnerships – Projects supported	number	15	25	Decrease in target reflects planned reduction in budget phasing of the Provisional Economic Partnerships.
Participant satisfaction with Provincial Leadership Programs	per cent	75	nm	New, more relevant measure replacing the Delivery of Leadership Programs in Provincial Victoria.
<b>Skills</b>				
Annual Government funded module enrolments	number (million)	2.56	2.61	Increase in target is based on an estimated increase in modules due to the release of the Skills Reform Statement
Government funded student contact hours of training and further education provided	number (million)	80	86.9	Increase in target is based on an estimated increase in student contact hours of training due to the release of the Skills Reform Statement.
Number of apprentices/trainees completion who qualify for the completion bonus	number	14000	14000	Decrease in target reflects the softening of the labour market and the impact on apprentices/trainees completions.
Number of Government funded course enrolments in Skills Deepening qualifications	number	55800	nm	New measure reflects impact of Skills Reform including demand driven funding and the new Skills for Growth program.
Participation rate of 15-24 year olds in training and further education in Victoria: all Victoria	per cent	25.1	nm	New measure replaces the Government funded student contact hours of training and further education provided to 15-19 year olds and Participation rate of 15 to 19 year olds in training and further education in Victoria: all Victoria.
Participation rate of 25-64 year olds in training and further education in Victoria: all Victoria	per cent	9.2	nm	New measure replaces the Persons aged 15-64 participating in TAFE programs as proportion of population.
<b>Industrial Relations</b>				

**Appendix 1: Department of Innovation, Industry and Regional Development**

Client Satisfaction with the programs and activities delivered under the Working Families agenda	Per cent	90	90	The 2009-10 performance measure is the same as the 2008-09 measure except for the replacement of the words 'activities arising from' with 'programs and activities delivered under'. This measures the same activity as the performance measure in 2008-09, however more accurately represents what the indicator measures.
<b>Workforce Participation</b>				
Global Skills for Victoria – average number of visits per month to the Live in Victoria website	number	60000-65000	60000-70000	The 2009-10 performance measure is the same as the 2008-09 measure except for the removal of the word 'unique'. The methodology (Google Analytics) is a standard use across Victorian Government websites, and provides a more reliable basis for measuring website success. The new measure is the monthly average, of the annual number of visits to the website as at the end of Q4. This annual figure will address seasonal variations. The reduced target reflects the uncertain impact of the global economic conditions on migration intentions.
New Workforce Partnerships – jobseekers who achieve sustainable employment outcomes (minimum of 16 weeks)	number	550-650	0	The Estimated Outcome reflects the lag time in reporting of outcomes. New Workforce Partnerships significantly builds on successes of the previous Workforce Participation Program which has placed 250 people in sustainable employment in 2008-09, taking the total over 3400. New Workforce Partnerships has 29 projects now in place that will deliver the target outcomes during 2009-10 rather than the original 2008-09 period. These Projects are contracted to realise job placements before November 2009, leading to the achievement of the original overall target of 350-450 16-week employment outcomes during 2009-10.  The 2009-10 Target has also been increased by 200 to reflect new funding.
<b>Marketing Victoria</b>				
Number of visitors (International)	number (million)	1.4-1.6	1.4	Decline in target. Inbound tourism arrivals are expected to decline in 2009 due to the global financial crisis. This is based on the latest data from the Tourism Forecasting Council (December 2008).
Visitor expenditure (International)	\$billion	3.0-3.5	3.2	Decline in target. Inbound tourism and expenditure is expected to decline in 2009 due to the global financial crisis.

## Report on the 2009-10 Budget Estimates

Victoria's share of domestic tourism advertising awareness among target markets: Intrastate	per cent	16-21	nm	The new measure targets the awareness of target segments that are aware of domestic tourism advertising as well as measures performance directly against competitor States.
Victoria's share of domestic tourism advertising awareness among target markets: Interstate	per cent	21-26	nm	The new measure targets the awareness of target segments that are aware of domestic tourism advertising as well as measures performance directly against competitor States.
Value of media coverage generated: Domestic	Number (million)	20-30	20-30	Increase in target reflects the expected media coverage to be achieved in 2009-10.
<b>Major Projects</b>				
Melbourne Rectangular Stadium – complete	date	Quarter 4	nm	New measure to reflect new project.

### Discontinued Performance Measure

Performance Measure	Unit of Measure	2008/2009 Expected Outcome	2007/2008 Actual	Explanation
<b>Sector Development</b>				
Companies participating in Innovation Insights Visits program	number	80	200	This measure has been discontinued and replaced with a quality measure, Innovation Insights program: Percentage of companies reporting as a result of participation, an intention to implement new practices and use supporting materials.
<b>Small Business</b>				
Businesses participating in the My Business My People Program	number	225	300	Measure has been replaced by two new performance measures capturing the Skills for Growth Program, Skills for Growth – Business assisted and Skills for Growth – Training Placements.
<b>Innovation</b>				
Develop information resource products, standards and guidelines in response to identified Government requirements	per cent	90	90	This measure has been discontinued and replaced by a quality measure entitled <i>Customer satisfaction with information services from Information Victoria</i> .
Victoria Online – increase in usage	per cent	10	20	This measure has now been replaced with Average number of monthly visits to Victoria Online.
Design Sector Initiative: Case studies completed	number	12	12	Measure has been replaced with the new measure <i>Design Sector Initiative: Business immersions completed</i> .
Design Sector Initiative: Lectures, seminars and workshops held	number	40	25	Measure has been consolidated with <i>Design Sector Initiative: People participating in lectures, seminars and workshops</i> . The existing measure is considered as more effective in measuring the impact of the relevant activities.



**Appendix 1: Department of Innovation, Industry and Regional Development**

Assessment of quarterly monitoring reports for grant agreements undertaken	per cent	100	100	This measure has been discontinued as the activity is deemed as being part of core administration.
Payments made according to contracts, provided grant recipients meet contract terms	per cent	100	100	This measure has been discontinued as the activity is deemed as being part of core administration.
<b>Science and Technology</b>				
Payments made according to contracts, provided grant recipients meet contract terms (science and Technology)	per cent	100	100	This measure has been discontinued as the activity is deemed as being part of core administration.
Assessment of quarterly monitoring reports for grant agreements undertaken (Science and Technology)	per cent	100	100	This measure has been discontinued as the activity is deemed as being part of core administration.
<b>Strategic Policy</b>				
Development of whole-of-government information and service access strategic directions relating to improvements in service performance and greater public participation	number	1	1	Measure is now integrated with the existing measure <i>ICT Projects and programs underway</i> .
<b>Exports</b>				
Number of firms participating in individual export specific programs	number	800	800	This measure has been discontinued and consolidated with <i>Companies provided with export assistance</i> .
<b>Regional Economic Development, Investment and Promotion</b>				
Delivery of Leadership Programs in Provincial Victoria	Number per region	1	1	Measure discontinued and replaced with Participant satisfaction with Provincial Leadership Program.
Enquiries to provincial Councils about living, working and/or investing in their region	number	250	500	Performance measure discontinued as the current program is in the final stages of delivery.
Regional councils satisfied with RDVs delivery of promotion and development programs	per cent	75	75	Performance measure discontinued. As current programs encompassed in this measure are in the final stages of delivery, this measure will no longer be applied.
Regional councils satisfied with timeliness of RDVs response to queries and funding applications	per cent	75	75	Performance measure discontinued. As current programs encompassed in this measure are in the final stages of delivery, this measure will no longer be applied.
<b>Skills</b>				
Government funded student contact hours of training and further education provided to 15-24 year olds	number (million)	48.3	45.3	Measure has been replaced by the quality measure Participation rate of 15-24 year olds in training and further education in Victoria: all Victoria.

## Report on the 2009-10 Budget Estimates

Participation rate of 15 to 19 year olds in training and further education in Victoria: all Victoria	per cent	29.3	26.9	Measure has been replaced by a new, more relevant quality measure Participation rate of 15-24 year olds in training and further education in Victoria: all Victoria.
Persons aged 15-64 participating in TAFE programs as proportion of population	per cent	12.6	12.5	Measure has been replaced by a new, more relevant quality measure Participation rate of 25 - 64 year olds in training and further education in Victoria: all Victoria.
<b>Industrial Relations</b>				
Workplace Rights Advocate: Information sessions provided	number	12	30	Measure discontinued due to cessation of the Workplace Rights Advocate.
<b>Major Projects</b>				
Parkville Gardens: commence stage one construction of 650 apartments	per cent	0	nm	Performance measure discontinued as the construction of Freeway apartments has been transferred to private sector developer.
<b>Marketing Victoria</b>				
Target market awareness of advertising about holidays in Victoria: Interstate	per cent	15	15.6	Performance measure has been discontinued and replaced with a new measure that includes a number of new media channels such as the internet.
Target market awareness of advertising about holidays in Victoria: Victoria	per cent	15	14.1	Performance measure has been discontinued and replaced with a new measure that includes a number of new media channels such as the internet.

### (27) Question

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2008-09 and the target for 2009-10, please provide the reasons for the variance.

### (27) Response

Where there is a variance of over 10 per cent between the expected outcome for 2008-09 and the target for 2009-10, the reasons for the variance are shown in the table below:

Performance Measure	Unit of Measure	2009/10 Target	2008/2009 Expected Outcome	Explanation
<b>Small Business</b>				
Agencies participating in World Class Service initiative	number	200	140	Increase in 2009-10 target is consistent with business case and reflects project phasing and maturity.
Business interactions (call, web, in person)	number	260000	220000	Increase in 2009-10 target in line with business case and reflects increased usage following greater functionality.
Registration for online services	number	60000	50000	
<b>Science and Technology</b>				
Biotechnology projects and programs underway	number	15	12	Increase in target reflects the additional programs to be undertaken as a result of the Biotech Bridges initiative under Innovation: Victoria's Future.

**Appendix 1: Department of Innovation, Industry and Regional Development**

<b>Performance Measure</b>	<b>Unit of Measure</b>	<b>2009/10 Target</b>	<b>2008/2009 Expected Outcome</b>	<b>Explanation</b>
Information and Communication Technology (ICT) projects and programs underway	number	40	27	Increase in target reflects additional projects to be undertaken as a result of the Technology: ICT Capability initiative under Innovation: Victoria's Future and integration of the of the discontinued measure Development of whole-of-government information and service access strategic directions relating to improvements in service performance and greater public participation.
<b>Exports</b>				
Companies provided with export assistance	number	4050	3250	The 2009-10 target has been increased to reflect consolidation of the discontinued performance measure Number of firms participating in individual export specific programs.
Exports facilitated and imports replaced	Million (dollars)	739	620	The 2008-09 Expected Outcome is due to the global financial crisis and the effects of the economic downturn.
<b>Investment Attraction and Facilitation</b>				
New investments facilitated in financial/shared services	number	5	2	The 2008-09 Expected Outcome is due to the global financial crisis and the effects of the economic downturn.
Investment Projects under development	number	250	290	The 2008-09 Estimated Outcome captures both confirmed and potential projects.
New investments facilitated	million (dollars)	1600	2500	The 2008-09 Estimated Outcome is expected to exceed due to the amortisation of certain large investment projects.
Jobs derived from investments facilitated	number	5000	2800	The 2008-09 Expected Outcome is due to the global financial crisis and the effects of the economic downturn.
<b>Regional Infrastructure Development</b>				
RIDF projects funded (excluding Small Towns Development Fund)	number	20	30	The 2008-09 Expected Outcome reflects increased activity associated with RIDF initiatives, such as the Local Roads to Markets Program, that support a higher volume of smaller projects.
<b>Regional Economic Development, Investment and Promotion</b>				
Projects to support Councils plan for growth and change	number	20	25	Decrease in target reflects planned reduction in budget phasing of the Planning for Growth and Planning for Change Programs.
Provincial Economic Partnerships – Projects supported	number	15	25	Decrease in target reflects planned reduction in budget phasing of the Provisional Economic Partnerships.
Enquiries to provincial Councils about living, working and/or investing in their region	number	250	500	The 2008-09 target is not expected to be met due to the current global economic conditions.
Jobs created in regional Victoria	number	1000	1200	The 2008-09 Expected Outcome includes a small number of large

**Report on the 2009-10 Budget Estimates**

Performance Measure	Unit of Measure	2009/10 Target	2008/2009 Expected Outcome	Explanation
				projects.
New investment facilitated in regional Victoria	number	750	1045	The 2008-09 Expected Outcome includes a small number of large projects.
<b>Skills</b>				
Annual Government funded module enrolments	number (million)	2.56	2.3	Increase in target is based on an estimated increase in modules due to the release of the Skills Reform Statement.
Number of apprentices/trainees completion who qualify for the completion bonus	number	14000	14000	Decrease in target reflects the softening of the labour market and the impact on apprentices/trainees completions.
Number of apprenticeship/traineeship commencements by new employees	number	56000	50000	The 2008-09 Expected Target is not likely to be met due to the impact of the economic downturn which has resulted in a decrease in the number of apps/trainee commencements.
Number of individuals assisted through Skill Up	number	1000	5000	The 2008-09 Expected Target is based on further clarification regarding what constitutes assistance under this program. Given that the definition is now broader, expectations are that the final outcome for the year will be higher than expected. This measure will be discontinued at the end of 2009-10 replaced by Skills to Transition.
<b>Industrial Relations</b>				
Client Satisfaction with the programs and activities delivered under the Working Families agenda	Per cent	90	80	Increase in target. This measures the same activity as the performance measure in 2008-09, however more accurately represents what the indicator measures.
<b>Workforce Participation</b>				
New Workforce Partnerships – jobseekers who achieve sustainable employment outcomes (minimum of 16 weeks)	number	250	150	Decrease in target reflects the lag time in reporting of outcomes and phasing of budget. Program expected to cease operation in 2009. This measure will therefore be discontinued at the end of 2009-10.
<b>Sector Development</b>				
Companies participating in Innovation Insights Visits program	number	80	200	This measure has been discontinued for 2009-10. The 2008/09 Expected Outcome is due to economic downturn and program delay in the first half of the year.
<b>Major Projects</b>				
Princess Pier: commence reinstatement of deckworks	date	Quarter 3	0	Target not met. When the existing timber beams were exposed their re-use was not viable preventing planned works to proceed.

**Appendix 1: Department of Innovation, Industry and Regional Development**

<b>Performance Measure</b>	<b>Unit of Measure</b>	<b>2009/10 Target</b>	<b>2008/2009 Expected Outcome</b>	<b>Explanation</b>
Parkville Gardens: commence stage one construction of 650 apartments	date	Quarter 2	0	Target not met as result of the changing apartment/housing market and is consistent with the developer's agreement with the State to complete the apartments by 2014.

## Staffing matters

### (28) Question

Please fully complete the table below, providing actual EFT staff numbers at 30 June 2008 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2009 and 30 June 2010 for the department and its major budget funded agencies.

### (28) Response

Classification	30 June 2008 (Actual) (EFT)					30 June 2009 (Estimate) (EFT)					30 June 2010 (Estimate) (EFT)
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	Total
	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)
VPS CS Grade 1	1.00	0.00		2.00	3.00	1.00	0.00		0.50	1.50	
VPS CS Grade 2	51.30	19.00	1.54	7.87	79.71	56.30	3.50		1.50	61.30	
VPS CS Grade 3	138.89	19.00		11.00	168.89	137.89	17.50		2.00	157.39	
VPS CS Grade 4	136.23	24.83		12.20	173.26	149.26	26.50		2.50	178.26	
VPS CS Grade 5	195.16	24.40		15.60	235.16	217.76	26.00		3.67	247.43	
VPS CS Grade 6	221.26	18.00	1.00	17.20	257.46	241.19	21.10		3.00	265.29	
VPS CS Grade 7	7.00	1.00		1.00	9.00	10.00			1.00	11.00	
EO Grade 3	36.80	0.00		5.00	41.80	35.00			10.00	45.00	
EO Grade 2	14.00	0.00		2.00	16.00	12.00			4.00	16.00	
EO Grade 1	2.00	0.00		1.00	3.00	2.00				2.00	
Secretary	1.00	0.00			1.00	1.00				1.00	
Other	2.00	4.00			6.00	2.00	7.00			9.00	
<b>Total</b>	<b>806.64</b>	<b>110.23</b>	<b>2.54</b>	<b>74.87</b>	<b>994.28</b>	<b>865.40</b>	<b>101.60</b>	<b>0.00</b>	<b>28.17</b>	<b>995.17</b>	<b>995.17 (*)</b>

Please note the following:

*30 June 2009 (Actual) staff numbers includes Major Project Victoria (42.8 FTE) employees transitioned to the department payroll as a result of the Machinery of Government changes in July 2008. This does not include short or long term contractor's currently engaged on projects.*

*30 June 2009 (Estimate) VPS CS Grade 7 'Ongoing' include Principal Scientists (2 FTE)*

*The Department anticipates that the staff numbers as per 30 June 2009 may change however it is not possible to provide details of overall staff numbers at this point.*

*30 June 2009 (Estimate) is made up of regional staff (53.84 FTE), overseas staff (42.00 FTE) and Head office staff (899.33 FTE)*





## 1.5 Department of Justice

### ***Budget preparation***

#### **(1) Question**

What are the key budget themes underpinning the development of the budget that relate to your Department?

#### **(1) Response**

The directions and the priorities of the Government determine the Department's budget.

Justice 2009-10 Budget initiatives fall under the following key budget themes.

<b>Key Justice Policy Themes</b>	<b>ERC 2009-10 initiative</b>
Improving Access to Justice	Victoria Legal Aid Functions & Funding Review Mental Health List Pilot Courts Integrated Services Program Sentencing Advisory Council Supporting Courts to Address Family Violence Neighbourhood Justice Centre Graffiti Prevention and Removal Strategy
Safety and Crime Prevention	Asset Confiscation Scheme Transit Safety Initiative Victoria Police Physical Assets Building Program Victoria Police Operations and Administration Complex Multicultural Water Safety Program
Road Safety	Road Safety Initiatives
Corrections	Corrections Urgent Demand Management and Prison Bed Strategy
Emergency Services/Responding to Bushfires	Project 000 Emergency Communications Blackspots VICSES Unit Operating Costs VICSES Critical Asset Replacement CFA Fleet Replacement CFA Ultra Light Tankers Volunteer Recognition
Greater Public Participation and More Accountable Government	Gambling Licences Review

#### **(2) Question**

What impact have developments at the Commonwealth level, including initiatives under the COAG Reform Agenda, had on preparing the Department's component of the 2009-10 State budget?

#### **(2) Response**

The development of the 2009-10 Budget allows for the new federal financial relations framework where the Commonwealth has modernised payments for specific purposes and has developed National Partnership payments. Under direction of the 'New generation Specific Purpose Payments and National Partnership payments' issued by Department of Treasury and Finance (DTF), the impact on the Department's current Specific Purpose Payment is as follows:

- Compensation from the Commonwealth for the transfer of corporate regulatory function to the Commonwealth – to be converted to General Revenue Assistance.
- Bushfire Mitigation Program – to be converted to a National Partnership payment.
- National Disaster Mitigation Package – to be terminated.
- Emergency Management State Support Package – being a payment from the Commonwealth to Victoria to continue as a specific purpose payment.

- Film and Literature Classification – to be cashed out. This will mean that instead of continuing to pay a small amount each year ongoing, a one off lump sum will be paid to the State by the Commonwealth as compensation for abolishing the specific purpose payment.
- Legal Aid – to be converted to a National Partnership payment. Future funding to be negotiated by Federal and State Attorneys-General.

**(3) Question**

Please list the key assumptions (up to five) that have been used to develop the Department's projections for 2009-10.

**(3) Response**

The key assumptions used to develop the 2009-10 budget projections are listed as follows:

- a) Continuity of output delivery – except where Expenditure Review Committee has approved or directed otherwise, the Department's output appropriation funding base is provided for on an ongoing basis.
- b) Escalation in cost of delivering ongoing outputs – incremental appropriation funding at the rate of 3.0% (except for fixed cost items) is provided under the Departmental Funding Model and is reflected in the cost of all outputs.
- c) Fixed Price (cost) funding adjustments – contractually defined and other agreed fixed price (cost) items are reviewed annually and any necessary funding adjustments are agreed with the Department of Treasury and Finance. Major cost items currently falling within this regime include:
  - Finance lease of the County Court facility;
  - Traffic Camera Office (TCO)/ Enforcement Management contract;
  - Prisoner health and transport contract costs; and
  - Accommodation and services contracted costs of Victoria's two existing privately operated correctional facilities and two new facilities funded under Partnerships Victoria principles.
- d) Business and market activity impacting retained and Consolidated Fund revenue – as part of the mid year (unchanged policy basis) estimates review and update process each year, relevant business units and agencies within the Justice portfolio undertake an assessment of factors that materially impact revenues likely to be generated. Typically, these involve an assessment of changing economic and market conditions and demographics. These largely relate to the Consumer Affairs portfolio licensing and business names functions as well as fines and other regulatory fees levied by police and the courts. The Department of Treasury and Finance leads in the formulation of estimates pertaining to gaming and gambling taxes. Final net changes observed in the Department's estimates therefore can reflect a combination of standard escalation, market, economic and policy driven parameter changes.

**(4) Question**

- a) What are the key risks relating to the budget estimates and the economic forecasts (please quantify these where possible)?
- b) How have these risks been managed?
- c) Please describe the economic or key external factors that pose the greatest risk to the Department meeting its budget for 2009-10.
- d) How have these matters been addressed in framing the 2009-10 budget for your Department?

**(4) Response**

- a) The effect of interest rate exposures arising predominately from assets and liabilities bearing variable interest, namely trust accounts and superannuation reducing significantly. Further reductions in interest rates and the adverse effect on the present value of Annual

Leave and Long Service Leave liabilities.

The continuing current economic downturn and its affect on revenue flows on regulatory fees, gambling taxes and self-funded section 29 revenue retention arrangements.

- b) The Department manages financial risks by ensuring policy decisions have regard to their financial effects on current and future years, minimising interest rate risk by investing with fixed terms, and monthly monitoring of financial information relating to the activities and initiatives of the Department.

Gains and losses associated with the movement in long service leave liabilities caused by interest rate fluctuations are being recognised separately for the first time consistent with Department of Treasury and Finance directions.

- c) The current global financial crisis and its flow on effect on business and consumer confidence, interest rates, infrastructure investment and job security is the main external factor posing a risk to the Department's 2009-10 budget.

As mentioned above, interest rate exposures arising predominately from assets and liabilities bearing variable interest may have an adverse effect on trust account revenue, lease payments and leave liabilities.

The current economic situation is expected to increase demand for services across Justice. For example, it is possible that opportunistic crimes such as theft (shop stealing and petrol drive offs) and 'crimes of envy and anger' might increase due to more difficult economic conditions. Demand for financial counselling and legal aid services are also expected to increase.

- d) A downward revision to interest earned on trust investments reflected the impact of tightening credit conditions and falling interest rates.

Long Service Leave and Annual Leave liabilities have been adjusted to reflect the impact of falling discount rates due to official interest rate reductions.

Increases in demand for services will be closely monitored and funds redirected if required. Additional funding has been announced for Legal Aid to assist in managing the growth in demand.

### **(5) Question**

How has the Department ensured that its budget for 2009-10 is reliable in terms of being:

- affordable;
- deliverable; and
- fiscally sustainable?

### **(5) Response**

The Department of Justice constantly reviews budget capacity and sustainability as part of its planning processes. This includes identifying key corporate priorities to focus on and opportunities to generate savings or to do things better. Output measures and targets are also reviewed annually having regard to budget capacity and service demand expectations.

The planning process takes into account Government Priorities and Outcomes to ensure that services and outputs are tightly aligned with these requirements. Cost pressures are managed through reprioritisation.

The Departmental Funding Model (DFM) allows for an Output Price Review where cost pressures cannot be met. The outcomes of the Output Price Review are then provided to the Expenditure Review Committee of Cabinet for endorsement. This process ensures that the Department's budget is reliable, affordable, deliverable and fiscally sustainable.

### **(6) Question**

In relation to each of the Department's three largest budget initiatives for 2009-10 in terms of funding:

- a) What were the broad choices in terms of service delivery and relevant policy options that the Department was confronted with at the budget development stage;

- b) What were the costings of each policy option?
- c) Please explain the linkages to the areas identified in the Annual Statement of Government Intentions released by the Government in February 2009.

**(6) Response**

The Department's budget submissions, including service delivery choices and policy options, are presented to the Expenditure Review Committee of Cabinet as 'Cabinet-In-Confidence' and therefore, can not be disclosed in response to the above questions.

For the purposes of assisting PAEC, the following explanation for each of the three largest initiatives is provided.

**Road Safety**

Through the "arrive alive 2008-2017" strategy, the Government aims to reduce deaths and serious injuries by 30%. By the end of 2017, the strategy aims to:

- save an extra 100 lives a year;
- prevent over 2,000 serious injuries a year; and
- reduce the severity of serious injuries.

Victoria Police's contribution to the achievement of the arrive alive target will require:

- enforcement technology being sustained and upgraded to maintain the reduction in the deaths and serious injuries achieved to date;
- expansion and modernisation of enforcement technology to enhance the level of enforcement and further reduce deaths and serious injuries; and
- sanctions for certain dangerous driving offences to include the loss of the use of the offender's vehicle in addition to other penalties, again to further reduce deaths and serious injuries.

Enhancements announced for 2009-10 to further support the efforts of Victoria Police to reduce road trauma include installing Moving Mode Radar in police vehicles, extending drug driving testing, the continued upgrade of the intersection road safety camera program including replacement of old wet film with new digital technology and increasing the number of mobile road safety camera hours.

Further, the hoon impoundment regime is to be extended to further target high risk drivers and Victoria Police will receive funding to upgrade hand held laser speed measuring devices, mobile radar speed measuring devices, screening and evidentiary breath test units and major collision scene total survey stations.

These initiatives fit under the broad headings of Victoria's Plan for Transport and Victoria's Plan for Community Safety and Security.

**Project 000 Response**

The Project 000 involves:

- VicSES field communications: provision of radio terminals and network access to establish field communications;
- VicSES and CFA regional radio dispatch: funding to provide a reliable and robust call taking and dispatch process in regional Victoria to enhance service to regional communities, the safety of emergency services crews and the public, and engender community confidence;
- VicSES and CFA Call Taking and Dispatch (CTD): funding to allow Emergency Services Telecommunications Authority (ESTA) to maintain ongoing CTD services, relieving the CFA Budget;

- DSE wild-fire response: to implement paging services for DSE, to integrate ESTA and DSE fire maps within the Computer Aided Dispatch (CAD) system and to replace radio terminals to improve communications between DSE and the CFA;
- Ambulance Victoria (AV) integration: phased takeover of five regional AV communication centres by ESTA to address critical delivery shortfall for regional ambulance 000 call taking and to migrate to a single CAD system;
- Ballarat State Emergency Communications Centre (BALSECC) – Metro 000 demand: additional staff and technology to support process change to meet current and future metropolitan demand and to re-establish back-up capability and acceptable redundancy; and
- Emergency Alerting System (EAS) Pager Capability: Improve the capability of the EAS to manage the volume of calls that are required in emergency situations.

This initiative fits under the broad heading of Victoria's Plan for Community Safety and Security.

### **Corrections Urgent Demand Management Strategy**

Funding for this initiative will expand the home detention program, which is currently in a pilot phase. It will allow judges to use home detention as a "front end" sentence for appropriate offenders. Funding will also provide for an additional 100 temporary beds across the prison system to provide additional capacity.

This initiative fits under the broad heading of Victoria's plan for community safety and security.

#### **(7) Question**

What programs, if any, have been deferred to future years to reduce financial pressures on the budget and achieve targeted budget surpluses?

#### **(7) Response**

The Department has not deferred any program to future years. The Department manages its appropriated budget in line with the Financial Management Act (FMA), Audit Act and directive from the Department of Treasury Finance (DTF) called Financial Reporting Directives (FRD's).

### **Asset funding**

#### **(8) Question**

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2009-10, including each project's TEI. Please include the budget allocation for each.

## (8) Response

Table 2.1 Details of Asset Investment Projects with 2009-10 Budget Allocations

PROJECT	TEI (\$ million)	2009-10 Budget Allocation (\$ million)
<b>Department of Justice</b>		
VIFM Equipment Upgrade Program	2.40	0.07
Modernising Coronial Services	29.68	8.50
Replacement of Fire Stations	9.53	1.68
Traffic Camera Office - Enforcement Management Contract	27.94	19.95
Building Confidence in Corrections	316.59	52.95
CFA Critical Infrastructure	2.60	1.40
Victorian Emergency Response - CFA Radio Replacement	12.75	3.04
Children's Court Workload Resourcing	0.36	0.10
Evidentiary Digital Audio Visual Recording Equipment	7.00	3.14
Improving Dispute Resolution	0.32	0.06
Melbourne Legal Precinct Master Plan - Old County Court Refurbishment	22.50	14.00
Reducing Court Delays	0.51	0.22
Sexual Assault Reform	1.27	0.43
Road Safety	22.08	22.08
CFA Fleet Replacement*	3.94	3.94
VicSES Critical Asset Replacement	6.61	6.61
Response to Victorian Bushfire Emergency – Emergency Communications Black-spots	1.30	1.30
Response to Victorian Bushfire Emergency – Ultra Light Tankers*	1.18	1.18
Response to Victorian Bushfire Emergency – Triple 000 – VicSes Component	2.68	2.68
Response to Victorian Bushfire Emergency – Triple 000 – ESTA Component	7.60	3.80
Response to Victorian Bushfire Emergency – Triple 000 – CFA* Component	4.12	1.24
Urgent Demand – Refurbishment Temporary Beds	2.00	1.32
Urgent Demand – Additional 100 Temporary Beds	22.50	4.68
<b>Sub-Total</b>	507.46	154.37
<b>Victoria Police</b>		
Ararat Police Station	10.53	5.89
Bayside Police Station	15.03	7.92
Box Hill Police Station	19.76	12.07
Brunswick & Collingwood Police Complexes	12.21	1.46
Carlton/North Melbourne Police Station	23.90	12.67
Carrum Downs Police Station	8.19	5.65
Police World Trade Centre Relocation	2.20	0.34
Crime Department Upgrade	8.00	0.50
Foster Police Station	1.50	0.37
Hastings Police Station	2.55	0.52
Kyneton Police Station	12.24	8.38
Lilydale Police Station	13.50	6.21
North Wyndam Police Station	7.00	3.92
Ouyen Police Station	1.40	0.35
Police Station Replacement - Yarrowonga Police Station	2.00	0.55
Sunbury Police Station	1.78	0.34
Swan Hill Police Station	16.08	7.39
Yarra Junction Police Station	1.30	0.16
Commissioner for Law Enforcement Data Security (CLEDS)	0.47	0.02
Counter Terrorism Prevention & Preparedness	0.23	0.02
Police Fleet 100 vehicles	1.37	0.97
Macleod Forensic Centre Master Plan	2.30	0.74
Organised Crime - E Crime Capability	0.78	0.01
Organised Crime - Investigation Support	3.11	0.33
Road Safety Enforcement In Car Video	0.90	0.10
Road Safety Enforcement Random Drug Testing	1.32	0.01
Sexual Assault Reform	0.51	0.18
Victoria Police Weapons Fund	6.47	3.23

PROJECT	TEI (\$ million)	2009-10 Budget Allocation (\$ million)
Evidentiary Digital Audio Visual Recording Equipment	11.19	6.78
Victoria Police Forensic Capability	1.71	0.32
Victoria Police Asset Replacement	4.79	0.60
Police Station Priority Upgrade Program	10.00	4.00
Castlemaine Police Station	12.7	0.70
South Melbourne & Prahran Seed Funding	0.50	0.50
Police Station Replacement Stage 10 Korumburra Police Station	2.30	0.40
Police Station Replacement Stage 10 Lara Police Station	2.50	0.50
Police Station Replacement Stage 10 Mortlake Police Station	1.50	0.40
Police Station Replacement Stage 10b Axedale Police Station	0.75	0.75
Police Station Replacement Stage 10b Bunninyong Police Station	1.65	1.15
Police Station Replacement Stage 10b Koo Wee Rup Police Station	1.65	1.15
Police Station Replacement Stage 10b Pyalong Police Station	0.75	0.75
Police Station Replacement Stage 10b Balmoral Police Station	0.75	0.75
Police Station Replacement Stage 10b Riddells Creek Police Station	0.75	0.75
Road Safety	6.15	2.86
<b>Sub-Total</b>	236.27	102.66
<b>2009-10 ASSET INVESTMENT PROGRAM TOTAL</b>	743.73	257.03

Note: \*The Asset funding provided to CFA excludes the Insurance industry contribution.

### **(9) Question**

What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the Department's responsibilities?

### **(9) Response**

The portfolio's asset investment priorities for 2009-10 relate to the following future service challenges faced by the Justice system:

- Increasing prison system capacity;
- Improving court access and security to Justice for all Victorians;
- Supporting police and emergency services in responding to the impacts of climate change, particularly the expected increase in fire, storm and flood activity; and
- New technologies and Regional Justice Centres to address population growth.

### **Prison Capacity**

Investment in Corrections is needed to ensure prison system capacity is sufficient to meet the projected increase in prisoner population.

The 2008-09 Budget included a further \$316m in asset related funding for prison infrastructure, to be delivered over 4 years - specifically a new 350-bed prison unit at Ararat and additional 244 prison beds at other existing prisons.

## **Court Access and Security**

To improve security and access to Justice for all Victorians, further investment in courts is required. Previous funding has provided multi jurisdictional courts/services, the pilot Neighbourhood Justice Centre and continuing Melbourne Legal Precinct redevelopment works. The 2008-09 Budget included funding for:

- The 223 William St Melbourne (old County Court) project, to supplement funding for the originally scoped works to create six additional flexible trial spaces on Ground to Level 4;
- \$2 million to improve security at Magistrates' Courts across the state;
- The State Coronial Services Redevelopment project, supplementing funding to deliver the facility over 6 year period from 2007-08; and
- Children's Court master planning.

Future challenges in Courts and Tribunals relate to:

- Ensuring court houses comply with Occupational Health and Safety and Disability access regulation; and
- Responding to growth in demand for services and access to court rooms arising from population growth.

## **Responding to Climate Change**

Climate change is expected to significantly affect Victoria, leading to increased demand for emergency services. Changing weather patterns have seen a significant increase in VICSES response to storm and flood activity across the State. With dryer fuels, higher fire dangers over longer periods, and more extreme weather days, the potential for more extreme fire conditions and rapid spread of fire increases.

## **Population Growth**

According to the Government's Beyond Five Million report, regional Victoria and outer metropolitan areas are expected to grow significantly in the coming decades. Continuing investment in new technologies, new security measures and new Justice Centres in growth corridors and regional communities will address population growth.

## **Victoria Police Response**

Victoria Police has replaced a significant part of its "buildings" infrastructure over the last 10-12 years. Key residual challenges relate to:

- Responding to growth corridor demand as the geographic distribution of Melbourne's population expands. This presents issues both in terms of managing service demand and effectively estimating facility requirements. Where it is difficult to accurately predict these demand indicators, development of police facilities is progressing under more open plan (and hence flexible) designs and sites are being acquired where possible to enable future expansion.
- Improving the Victoria Police operations and administration complex arrangements to enhance organisational performance and reform processes. Also, the upgrade of police stations and rural residencies as well as forensic equipment is on ongoing requirement.



Victoria Police has sought to improve its IT and communications infrastructure through increased professionalisation and use of market expertise. Key residual challenges relate to:

- Maintaining internal capability to manage complex IT infrastructure contracts in a highly technical environment. Victoria Police has experienced challenges in this respect and has significantly improved its Governance of IT infrastructure contracts. It is looking to progressively join with other Government sector agencies and secure a significant proportion of its IT infrastructure support from the Governments CenITex Agency.
- Enhancing the secure management of policing data and meeting information security standards recommended by the Commissioner for Law Enforcement Data Security. The Commissioner has an ongoing program of compliance review of Victoria Police practice against standards, with recommendations for improvements as appropriate. Victoria Police is responding to these expectations through policy, procedural, organisation, logistical (procurement) and physical system controls.
- Ensuring that communication networks continue to be relevant and responsive to policing demand. This includes improving coverage issues and examining opportunities to enhance communication integration between emergency services organisations and the public. An example of this was the recent use of mobile phone alerts to the community by Victoria Police.

Victoria Police has utilised a Global Asset Management strategy to progressively replace critical pieces of operational equipment infrastructure. Key residual challenges relate to:

- The implementation of a semi automatic firearms for Victoria Police, in particular ensuring minimal service implications arising from the roll out of the new firearm to operational police, as this will involve transition training for up to 10,000 police members.
- Increasing the use of forensic science as a policing tool continues to place significant demand on highly specialised equipment. Master planning for facilities and equipment has been commissioned to address this issue.

Victoria Police has recognised these infrastructure reform challenges by recently announcing the intention to create a new Executive Director position with responsibility specifically for Infrastructure maintenance and development moving forward.

### **(10) Question**

Has the Department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the Department's operations? If so, please provide details of the findings.

### **(10) Response**

Departmental planning identifies a series of key service drivers for major Justice asset investment initiatives. The forward planning process for 2009-2010 Multi-Year Strategy has commenced.

The Department of Justice is currently undertaking a scenario planning exercise examining the impact of future trends on justice services, which will have asset planning implications. The exercise, due to be completed in September 2009, will assist in identifying future infrastructure requirements to meet increasing service pressures and to sustain the asset base.

The following initiatives are taken from the 2008-2009 Multi-Year Strategy and demonstrate the links between the portfolio's asset investment initiatives and the key service drivers defined in the Justice Service Strategy.

### **Melbourne Legal Precinct Master Plan (MLPM)**

Whilst Victoria is expected to continue to experience a decline in overall crime, the nature of crime in Victoria is changing. For example, the increasing use of technology has resulted in higher levels and greater sophistication in deception crimes, cyber-bullying and privacy breaches.

As crime becomes more sophisticated, prosecuting offenders results in more criminal trials and longer court proceedings. The outcomes of the MLPM will provide a long-term permanent solution to critical pressure on court usage and efficiency.

Pursuant to this plan, funding was allocated in the 2008-09 State budget for refurbishment of the Old County Court.

### **Master Plan for Courts & Tribunals 2008-2022**

This identifies the capital projects required to ensure the justice system has the physical capacity to meet the justice needs of Victorians over the next five, ten and fifteen year time horizons. The Master Plan for Courts and Tribunals 2008-2022:

- Covers all legal jurisdictions (Courts and Tribunals) within Victoria, except for the Melbourne Legal Precinct (refer above);
- Focuses primarily on land, buildings and accommodation;
- Provides recommendations for future capital investment and improved service delivery within a framework of Government and Department of Justice policy initiatives;
- Highlights areas within the State that require new justice facilities or where existing justice facilities need to be updated/expanded to ensure service delivery levels are maintained; and
- Acknowledges that some of the existing facilities are restricted in their ability to achieve efficient service delivery and proposes solutions that will enable the courthouses to meet Courts Design Guide requirements where practicable.

### **Prison Facilities Master Plan**

Recent government policy decisions aimed at strengthening criminal justice responses to enhance community safety have resulted in a significant and sustained growth in the Victorian prison population, and placed significant pressure on the capacity of the male prison system in particular.

To address the issue of future demand, the Department of Justice has developed a Prisons Facilities Master Plan. The plan provides an overall framework for the development of the Victorian prison system for 2007-2012 (and the outlook period to 2017) to ensure sufficient bed capacity to accommodate projected demand.

### **Regional Development, Technology and Innovation - Accommodation Plan**

The Department has undertaken a forward-looking assessment of its accommodation requirements for improved regional service delivery to the public. This takes into account:

- an ongoing focus on its regional commitments;
- its desire to establish regional offices in regional locations for Justice Operational Services;
- a policy of restricting head office growth in the Melbourne CBD; and
- its contribution towards the Government's transit cities strategy.

As indicated above, the Department is also implementing property/ accommodation strategic master plans in the areas of Corrections and the Courts.

A key influencing factor for the future planning of justice accommodation is the recognition that regional development is essential to economic growth. It is also recognised that changing demographics and region specific issues requires a focus on collaborative place-based responses to community needs.

The Department of Justice is committed to providing excellent service throughout metropolitan and regional Victoria by establishing new or refurbished offices and Justice Service Centres across the eight Victorian State Government regions.

Bringing justice agencies together will improve client services by making it easier for the community to access justice services in their region while shared offices will be more efficient and encourage business units to work more closely together improving work and training opportunities for staff.

The regionalisation of Justice Services will provide greater parity between regional offices and central office and the establishment of the new workplaces will assist staff to undertake environmentally friendly work practices, facilitate improved sharing of information while providing access to up-to-date technology.

The new office premises have been purpose-built and fitted out to meet the needs of staff and the community accessing justice services.

The location of each office has been carefully selected for its proximity to public transport, services and amenities and many regional head offices will be in future transit city locations, now known as the Central Activities Districts (CAD),(Broadmeadows, Dandenong and Geelong).

Central Activities Districts will provide a number of CBD-like centres that will reduce congestion in inner metropolitan areas and enable people to spend less time commuting to and from work and spend more time with their families.

The following table gives the current and future status of regional accommodation and the alignment with CAD projects.

DOJ Regional Office	Region	Central Activities District location	Moving to CAD office	Year moving
Broadmeadows	North West	Broadmeadows	Yes	2012 -2013
Berwick	Southern Metro Region	Dandenong	Yes	2011-2012
Geelong	Barwon South West	Geelong	Yes	2011-2012

**(11) Question**

In relation to the unapplied output and asset funding carried forward to 2009-10, please provide:

- a breakdown of the carried forward funding for both output and asset initiatives;
- the underlying reasons for the Department’s funding carryover for each category; and
- the intended revised timing for use of the carried forward funds, including project specific details for asset initiatives.

**(11) Response**

The Department has no estimated output carryover to 2009-10.

Additions to Net Asset Base (ATNAB): Actual carryover into 2009-10 will be determined in July once final expenditure and output delivery results for 2008-09 are available. Therefore, all provisional carryover estimates reflected in 2009-10 Budget are subject to change. At the time of preparing provisional carryover estimates for incorporation into the 2009-10 published Budget Estimates, the Department estimated it would apply its full Contributed Capital (ATNAB) Budget for 2008-09 and accordingly estimated a “nil” carryover into 2009-10.

## Victoria Police Response

Victoria Police has a provisional carry over of \$30m for outputs, of which \$15m relates to the LINK and FIMS IT projects. These carryovers do not alter the current project delivery dates. Contractual arrangements for payments on those projects have been revised. The balance of the carryover estimate is mainly for the iFace and Seized Property Management projects.

ATNAB currently shows a provisional carry over of \$10m relating to construction projects. These funds will be spent in 2010-11.

Carry over estimate is provisional and subject to change.

## Efficiencies, savings and productivity improvement

### (12) Question

In relation to the estimated efficiencies to be derived in 2009-10 (including from the various measures that fall under the umbrella of the Efficient Government policy and the other targeted initiatives, please provide:

- a) a breakdown of all planned efficiency savings for 2009-10 according to the various measures of efficiency that apply to the Department's operations as identified in the 2007-08 and 2008-09 Budgets, and in new measures introduced in the 2009-10 Budget;
- b) an explanation of:
  - how decisions regarding applicable savings measures are to be made;
  - the nature of their expected impact on programs, for example, programs expected to be accelerated, deferred or discontinued; and
  - the basis for estimating the savings target to be achieved for each measure;
- c) particulars of any changes to the Department's allocated savings for 2009-10 from the data shown in the 2007-08 and 2008-09 Budgets; and
- d) a description of any areas earmarked for productivity improvement in 2009-10.

### (12) Response

a)

<b>SAVINGS IMPOSED 2007-08 Published Budget</b>						
<b>LFS 3 - Efficient Government</b>		<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
		<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
	Buying Smarter Buying less	5.623	7.345	8.769	10.693	10.693
	Shared Services	1.943	2.388	4.223	5.302	5.302
	Best Practice Grant Administration	0.127	0.253	0.253	0.253	0.253
	Fleet Management - DOJ	0.288	0.288	0.288	0.288	0.288
	Fleet Management - Victoria Police	1.297	1.297	1.297	1.297	1.297
	Advertising and Consultancies	0.357	0.357	0.357	0.357	0.357
	Integrated focus on ICT	0.000	0.000	0.000	0.000	0.000
	<b>Sub-Total LFS 3 Efficient Government</b>	<b>9.635</b>	<b>11.928</b>	<b>15.187</b>	<b>18.190</b>	<b>18.190</b>
<b>Additional ERC initiatives</b>						
	Grants Duplication	0.430	0.430	0.430	0.430	0.430
	CBD Office Growth	1.881	3.903	6.075	8.405	8.405
	<b>Sub-Total Additional ERC Savings</b>	<b>2.311</b>	<b>4.333</b>	<b>6.505</b>	<b>8.835</b>	<b>8.835</b>
	<b>Full Impact of Savings as Published</b>	<b>11.946</b>	<b>16.261</b>	<b>21.692</b>	<b>27.025</b>	<b>27.025</b>

<b>Additional Savings Efficiencies</b> (allocated and approved by ERC post 2007-08 Published Budget)						
	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	
VMIA – DOJ	0.250	0.258	0.268	0.276	0.276	
VMIA - Victoria Police	0.066	0.068	0.069	0.071	0.071	
State Purchasing Contract Savings	1.391	1.426	1.461	1.498	1.498	
Best Practice Grant Administration	0.049	0.060	0.082	1.667	1.667	
<b>Total Additional Efficiencies</b>	1.756	1.812	1.880	3.512	3.512	
<b>Total Savings Imposed in 2007-08</b>	13.702	18.073	23.572	30.537	30.537	
<b>SAVINGS IMPOSED 2008-09 Published Budget</b>						
	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	
General Efficiencies – DOJ		6.250	6.250	6.250	6.250	
General Efficiencies – Vic Police		6.250	6.250	6.250	6.250	
<b>Total Savings 2008-09 Budget</b>		12.500	12.500	12.500	12.500	
<b>SAVINGS IMPOSED 2009-10 Published Budget</b>						
	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	
General Efficiencies – DOJ			7.500	11.250	15.000	
General Efficiencies – Vic Police			7.500	11.250	15.000	
<b>Total Savings 2009-10 Budget</b>			15.000	22.500	30.000	

- b) In line with government savings direction, the Department has adopted a number of strategies targeted at reducing head office and corporate expenditure to maintain the current level of program services.

The savings were withdrawn from DOJ's budget at the start of the 2007-08 financial year. Accordingly, from a financial perspective, the savings targets have been met.

What remains is the need to minimize the impact on programs.

The Department has established a Savings Implementation Committee to manage budget savings requirements across the Department (excluding Victoria Police). The savings will be across DOJ with most Business areas and Agencies expected to contribute to achieving efficiencies.

Business areas will be required to demonstrate how they have implemented the 2009-10 savings requirements by reporting quarterly to the Savings Implementation Committee through the Chief Finance Officer.

In this regard, the Committee will be monitoring the commitments to the efficiency measures and additional savings announced as part of the 2007/08, 2008/09 and 2009-10 budgets, with particular focus on achieving the stipulated measures in relation to:

- Buying Smarter, Buying less;
- Shared Services;
- Grant Administration and Duplication; and
- Consultancies and Advertising.

- c) Justice has achieved significant procurement savings (Buying Smarter, Buying less) via savings on large contract renewals. The balance of these savings are spread widely across the Department.

The Department is also considering both its workforce/recruitment strategies and accommodation needs in light of the policy decision to limit CBD staffing growth. As part of the Department's response to this requirement, DOJ has implemented a number of strategies including establishment of agreed staffing profiles for each business unit, lifting the delegation level for approval of new positions; and analysing the most appropriate site for service delivery staff to be located in line with the clients that they serve. This will result in some transfer of staff from the CBD to outer metropolitan areas.

#### **Victoria Police Response**

Efficiency Savings for 2007-08 (\$1.3m) were largely achieved through shared services arrangements in Finance and Human Resources.

Efficiency Savings for 2008-09 (\$6.3m) were achieved through a program of vacancy management (not impacting on operational areas) and further enhancement of shared service arrangements in the provision of HR and finance support services.

Efficiency Savings for 2009-10 (expected to be approximately \$7.5m) are to be achieved through corporate rationalisation.

- d) As part of the 2009-10 Budget, an additional general efficiency saving of \$7.5 million has been imposed on the Department. Victoria Police has also had imposed a general efficiency saving of \$7.5m in 2009-10.

In line with government savings direction, the Department has adopted a number of strategies targeted at reducing head office and corporate expenditure to maintain the current level and quality of service delivery.

#### **Victoria Police Response**

Productivity improvements aimed at ensuring required Efficiency Savings identified at (a) above are to be achieved through corporate rationalisation.

## ***Environmental challenges***

### **(13) Question**

- a) What are the key environmental issues that are predicted to have an impact on services delivered by the Department's portfolios in 2009-10?
- b) How have these issues been addressed in the Department's budget estimates for 2009-10?
- c) Please list up to five projects or programs worth over \$1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2008-09 and 2009-10 for existing projects if applicable).

**(13) Response**

- a) Key environmental issues that are predicted to have an impact on services delivered by the Department in both the short and long term include:

Extreme Weather Events: The Department of Justice is continuing to plan and prepare to meet the challenge that climate change and extreme weather events due to climate change may impose on the delivery of emergency services. For example, wind storm during April 2008, heat wave observed in January 2009 and the bushfires during February 2009. These extreme events can also impact on the Coroners Court and Victorian Institute of Forensic Medicine resulting in peak capacity issues and use of contingency plans to take into account likely spikes in demand for service. Climate change may also impact on critical infrastructure, i.e. increased risk of disruption to roads, ports and utilities.

Changing weather patterns have seen a significant increase in response to storm, flood and fire events. This has placed pressure on VICSES Unit operating costs. More broadly, it is putting pressure on the ability of Emergency Services Organisations (ESOs) to maintain a sustainable volunteer base. Ensuring a supply of new recruits with the right skills is fundamental to safeguarding the State's capacity to respond to emergencies.

Social Instability: Social change stimulated by environmental challenges and extreme weather events will require an emphasis on managing variations in levels of: public order, post-traumatic stress disorder and the upstream behaviour of communities and regulated industries.

- b) Environmental issues are dealt with by Justice agencies as part of core business.

Emergency Services have been involved with the State Governments' Green Paper on Climate Change and as such have requested funding opportunities through this stream to research the impact of climate change on emergency services.

The State Coronial Services Centre redevelopment is currently underway and due for completion in 2012. One of the main components of the project is to increase the mortuary capacity to address overload as a result of extreme weather. For example, heatwave in January 2009.

The Department is implementing a number of initiatives aimed at increasing support to our emergency services in response to the greater demands placed on them by climate change and the recent bushfires. This includes:

2009-10 Initiatives	Asset (\$m)	Output (4 years)(\$m)
Project 000*	14.4	98.8
Emergency Communications Black-spots	1.3	19.0
Victorian Bushfire Information Line		0.4
CFA Ultra Light Tankers*	5.3	6.0
VicSES Volunteer Unit Operating Costs		6.8
VicSES Critical Asset Replacement	6.61	3.6
CFA Fleet Replacement*	17.5	3.6

\* Includes the Insurance industry component

Refer BP3 Pg 284 &304

- c) There are no projects or programs worth over \$1million to specifically address environmental issues in 2008-09 or 2009-10. As discussed in the response to the previous question, there are a large number of initiatives aimed at increasing the support to our emergency services. While climate change is part of the reason for this increased support, it is but one of a multitude of drivers.

**(14) Question**

What initiatives are planned by the Department in 2009-10 to enhance reporting of the mandatory and optional office-based environmental indicators identified in FRD 24C.

**(14) Response**

The Department of Justice has been reporting on office-based initiatives in its Annual report for some time under the guidance of FRD24.

During 2007-08, the Department extended its environmental reporting to include operational areas, a move that was commended by the Commissioner for Environmental Sustainability in his annual Strategic Audit of Government Departments Environmental Management System. This significantly increased the scope of data reported from previous years from covering 34 per cent of departmental staff to a figure of 90 per cent incorporating both office and non-office locations. This method of reporting will be reflected in the 2008-09 data and will continue for data collation in 2009-10. The Department of Justice is the first Victorian government department to include in its annual report both the office-based environmental impacts and operational environmental impacts.

The Department is also providing input to the development of a Whole of Victorian Government data management and reporting tool to provide greater consistency in environmental reporting. This tool will ensure that data is consistently managed and reported across government.

**Victoria Police Response**

In 2009-10, Victoria Police will continue with the development of its environmental data management system. This has been designed to capture, analyse and report on a broad range of environmental parameters including all of those required under the FRD24C. This system will also enable trend analysis and reporting, once the upload of available historical data has been completed.

**Spending**

**(15) Question**

Please outline any major expenditure policy shifts in 2009-10. In relation to these, please explain:

- the assumptions underpinning the policy decision;
- alternative scenarios considered; and
- fiscal effects.

**(15) Response**

There are no major expenditure policy shifts in 2008-09 for the Department.

**(16) Question**

What processes have been applied by the Department to ensure that new programs have been rigorously costed?

**(16) Response**

The Department complies with Government costing policies and conventions and accounting standards when costing policy initiatives for Government consideration. In terms of the annual budget priority settings process, all DOJ submissions are supported by rigorous business cases that comply with costing policies. All business cases are reviewed by the Department of Treasury and Finance prior to consideration by the Expenditure Review Committee of Cabinet. The process is rigorous and ensures that the Department is not seeking a level of funding above what is required to implement and operate the initiative.

**(17) Question**

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2008-09 and the target for 2009-10 for individual outputs.



**(17) Response**

Output	2008-09 expected outcome \$m	2009-10 target \$m	Variance	Reason for Variance
Supporting the Judicial Process	98.0	108.9	+ 11.1%	The increase is primarily due to additional funding for legal aid services following the Victoria Legal Aid functions and funding review.
State Electoral Roll and Elections	34.8	22.6	- 35.1%	Local government elections were held in 2008/09 resulting in greater output costs for that year. No elections are anticipated to be held during 2009/10 leading to a decrease in the output cost.
Infringement and Orders Management	182.4	220.0	+ 20.6%	The 2009/10 Budget reflects additional funding for expanded Road Safety Initiatives under the Arrive Alive 2 Strategy.
Community Based Offender Supervision	69.4	81.8	+ 17.8%	2009/10 movement reflects incremental increase in the Prison Facilities Master Plan project approved by ERC in 2008/09. The increase also reflects additional funding for expanding the use of home detention as a sentencing option in certain circumstances.
Gaming and Racing Management and Regulation	80.9	123.7	+ 52.9%	The increase in the 2009/10 Budget reflects funding for the Gambling Licences Review and the Victorian Racing Industry grants program.

**(18) Question**

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2008-09 and the budget for 2009-10, please provide an explanation.

**(18) Response**

Variance on employee benefits between the Estimated Actual for 2008-09 and the Budget for 2009-10 is less than ten per cent.

**(19) Question**

Please provide a tabular dissection of the Department's 2009-10 budget and expected expenditure for 2008-09 under the Government's key themes presented annually in the Victorian Budget Overview differentiating between new funding initiatives and ongoing funding.

**(19) Response**

The 2009-10 Victorian Budget Overview themes are not the same as those for the 2008-09 Budget.

For 2009-10, incremental funding decisions are allocated under two themes as follows:

- Bushfire recovery – \$49.7 million (\$45.5 million in 2008-09)
- Building liveable and caring communities - \$125.1 million (\$13.1 million for 2008-09).

For 2009-10 the Department's base funding including incremental funding above can be attributed to the Building liveable caring communities theme - \$3,906.7 million (\$3,620.6 million expected 2008-09 outcome).

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

### **(20) Question**

In terms of any major revenue policy changes contained in the 2009-10 budget relating to revenue generation, tax expenditures or concession and subsidies, please explain:

- the assumptions underlying the analysis;
- alternative scenarios considered; and
- the fiscal effect of any tax changes.

### **(20) Response**

The Department has no major revenue policy changes contained in the 2009-10 Budget.

### **(21) Question**

- a) In relation to 2009-10, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.
- b) Please outline the actual and expected financial impact in 2009-10 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the Department.

### **(21) Response**

In relation to the 2009-10 Budget, the Department will have one new revenue raising initiative.

Assisted Reproductive Technology (ART) is an initiative led by the Department of Human Services. The Office of Births, Deaths and Marriages will maintain ART records and it is proposed a fee will be charged to maintain these records. The Department estimates that this fee will raise less than \$30k per annum.

Whilst not a revenue raising initiative, the Government's existing road safety enforcement program does generate revenue in seeking to reduce road trauma. This is as a result of fines issued by Victoria Police when the behaviour of road users contravenes the law. These programs are primarily focused on improving road safety by punishing contraventions of the law in order to change behaviour and improve the safety of road users. Changes to this program can result in a change in revenue

Enhancements announced for 2009-10 to further support the efforts of Victoria Police to reduce road trauma include installing Moving Mode Radar in police vehicles, extending drug driving testing, the continued upgrade of the intersection road safety camera program including replacement of old wet film with new digital technology and increasing the number of mobile road safety camera hours.

These road safety initiatives are part of Victoria's new 10 year road safety strategy "arrive alive 2008-2017". When fully implemented by 2017, the "arrive alive 2008-2017" strategy is expected to save an extra 100 lives a year and prevent over 2000 serious injuries.

Road safety fine revenues are expected to increase from \$420.6m in the 2008-09 State budget to \$437.2m in the 2009-10 State budget, an increase of 3.95%. When compared against the revised 2008-09 Budget of \$397.6m, the increase equates to 10%. The key driver of the increase in 2009-10 relates to the enhancements discussed above to further support the efforts of Victoria Police in reducing road trauma.

### **(22) Question**

Please provide a listing of any revenue measures (taxation, fees, fines etc) or any concessions (or subsidies) where changes are more or less than the cost of living adjustment (include the value of such measures and the percentage change).

**(22) Response**

There are no revenue measures where changes are more or less than the cost of living adjustment.

**(23) Question**

For the Department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2008-09 and the budget for 2009-10.

**(23) Response**

All income categories shown in the Department's operating statement have a movement of less than ten per cent between the revised estimate for 2008-09 and the Budget of 2009-10.

**Regional and rural considerations****(24) Question**

- a) What are the critical issues facing regional and rural communities in 2009-10 that depend on services provided by the department (please provide comment relating to particular areas of the State where applicable)?
- b) How does the Department's 2009-10 budget address these issues?

**(24) Response**

- a) Critical Issues

Victoria's population growth is increasing the need for access to services in large regional centres (such as Ballarat, Geelong and Bendigo); yet demand for services in rural areas will continue (for example in the sparsely populated Western end of the Grampians). This presents challenges in terms of resource allocation to provide coverage of justice services for the whole state, whether it be access to courts and correctional facilities or information, advice and counselling services.

A number of areas in regional Victoria undergo significant population fluctuation during holiday and other peak periods. The Surf Coast, the Great Ocean Rd, Alpine Region and the Gippsland Lakes are some of the areas subject to this phenomenon. This variation puts pressure on a range of Justice services (such as police, emergency services and consumer affairs) in terms of planning and service delivery for these peak periods.

Regional Victoria will experience the impact of ageing population earlier and faster than Melbourne with related mobility, dependency and health issues (including mental health issues).

There are some areas of disadvantage in regional areas. The Barwon South West region has numerous low-income areas and the Lorne-Geelong within this region has one of the highest residential tenancy complaints and enquiries rate in the state. Loddon Mallee region has the highest level of reported food stress in Victoria. Gippsland has some of the most impoverished communities in Victoria. Because rental prices are quite low, many people move to the area to take advantage of low rents.

Many regional areas have significant indigenous populations that are disadvantaged across the spectrum of social concern. Shepparton in the Hume region has the largest concentration of indigenous residents in Victoria outside metropolitan Melbourne. Ten percent of the State's indigenous population reside in the Barwon South West region, while the indigenous population in Gippsland is double the State average.

New communities are emerging in Victoria with particular needs. For example, Cobram in the Hume region is the favoured resettlement destination for people from the Middle East and Shepparton has a diverse community with Kosovo refugees, Iraqis and Sudanese settling in the area.

Weather related emergencies are becoming more frequent and severe, with more heatwaves, increased risk of bushfire, more severe thunderstorms, and the likelihood of flooding and more intense droughts. The major challenges facing Justice are responding appropriately to these emergencies when they occur and also contributing to the community rebuilding required after the event. The Black Saturday bushfires for example had a dramatic social and economic impact across Victoria and many sections of affected communities (predominantly rural and communities) will be under significant pressure throughout 2009 and beyond and the flow on to the community viability and job security will be significant.

### **Regional Management Model**

The Department of Justice is implementing a regional management structure, effective from 1 July 2009 as part of its ongoing commitment to improve regional management and service delivery and bring it into line with the structures of other Victorian Government departments operating in the regions.

Regionalising the department's service delivery aligns with the Victorian Government's commitment to make government services more accessible to local communities and signals a major change to the way the department delivers its services. It is designed to make it easier for clients across the state to access justice services with particular emphasis on service integration, regional planning, community engagement and collaborative responses to regional issues.

By 1 July 2009, the department will have:

- Three new purpose built justice service centres in the Eastern Metropolitan Region (Box Hill), Southern Metropolitan Region (Berwick) and Grampians Region (Ballarat).
- A refurbished justice service centre in Morwell, and
- A Barwon South West regional office located in Geelong.

In addition, the Regional management structure will be established in the other three Victorian Government regions as of 1 July 2009. This will provide for the appointment of a Regional Director and staff and the future provision of Regional office accommodation in the Loddon Mallee region at Bendigo, the Hume region at Wangaratta and the North West metropolitan region at Broadmeadows.

This thus provides for the establishment of eight Regional offices, providing a range of Departmental services across Victoria.

Under the regional model, central office will be responsible for policy, standards, monitoring and program development. Regional Directors will manage regional justice services including:

- Prisons and Community Correctional Services
- Consumer Affairs Victoria
- Sheriffs Operations
- Appropriate Dispute Resolution
- Regional Aboriginal Justice Advisory Committee Network and Local Aboriginal Justice Action Committee (Executive Officers and Project Officers)
- Justice for Refugees Program
- Responsible Alcohol Victoria Compliance

- b) The Department of Justice has improved its regional justice response in recent years to take into account changing demographics and region-specific issues. These critical issues are factored into service and facilities planning, for example the establishment of Justice Service Centres. The Department has reallocated funding internally to establish a new regional management structure.

The Department has also received funding in 2009-10 for the upgrading of 87 CFA tankers, trucks and support vehicles, the provision of 42 ultra light tankers to the CFA and replacement of VICSES critical plant and equipment. These items of fleet and equipment will be provided across rural and regional Victoria. Funding was also provided to increase the VICSES volunteer unit subsidy used to pay for day-to-day operating costs that have increased beyond CPI.

The Department of Justice has had funding endorsed in the 2009-10 Budget to replace ten police stations in rural and regional Victoria. This includes facilities at Castlemaine, Axedale, Buninyong, Koo Wee Rup, Pyalong, Balmoral, Riddells Creek, Korumburra, Lara and Mortlake. This will help to maintain community safety in regional areas.

**(25) Question**

Please provide a table showing for up to five of the Department's largest projects (in terms of expenditure) benefiting regional and rural Victoria the:

- budget allocation for 2009-10 dissected between new and existing projects;
- the purpose of each project;
- how the funding is to be spent; and
- the performance measures in place to assess performance.

**(25) Response**

The Department has a considerable regional presence with services delivered through Prisons, Community Correctional Services, Magistrates' Courts (including Alternative Dispute Resolution and provision of services to the County and Supreme Courts), Infringement Management & Enforcement Services (Sheriffs Officers), Consumer Affairs and the Indigenous Issues Unit (RAJAC officers), and the Victorian State Emergency Service.

In the 2009-10 State Budget, the Department has received funding for a number of state-wide initiatives with regional and rural components including:

- CFA Replacement Trucks
- SES Critical Asset Replacement
- SES Unit operating costs
- CFA Ultra Light Tankers
- Victoria Police Road Safety - Moving Mode Radar
- Project 000 - VicSES Radios and EAS Pager Capability (CFA)
- Victoria Police Stations Program
- Family Violence Courts - one court is in Ballarat
- Victorian Racing Industry - Regional and Rural Infrastructure

These initiatives are detailed in the Budget papers.

**Performance measures**

**(26) Question**

Please provide the rationale for any change in performance measures presented in the budget papers for 2009-10 (including new and discontinued measures).

(26) Response

<b>Legal Policy, Advice and Law Reform</b>		
Discontinued	Capacity to provide client legal services (VGSO)	This measure is discontinued as it is an input determined by the level of demand for Victorian Government Solicitor's Office (VGSO) services.
Discontinued	Client satisfaction with quality of legal advice provided (VGSO)	The method of data collection used to measure client satisfaction with the quality of legal advice provided by VGSO will change in 2009-10.
Discontinued	Client satisfaction with timeliness of legal advice provided (VGSO)	The method of data collection used to measure client satisfaction with the timeliness of legal advice provided by VGSO will change in 2009-10.
New	Client satisfaction with quality of legal advice provided (VGSO)	New data collection method and target (percentage target rather than level) to be introduced in 2009-10.
New	Client satisfaction with timeliness of legal advice provided (VGSO)	New data collection method and target (percentage target rather than level) to be introduced in 2009-10.
<b>Supporting the Judicial Process</b>		
Discontinued	Legal representation to clients	This measure is comprised of the 2009-10 Quantity measures "Duty lawyer services" and "Grants of Assistance". The 2009-10 measures replace the 2008-09 measure in recognition of the different levels of resource intensity of these activities.
New	Duty Lawyer Services	This measure and the measure "Grants of Assistance" were previously amalgamated and referred to as the 2008-09 measure "Legal representation to clients". They have been separated in recognition of the different levels of resource intensity for each activity.
New	Grants of assistance (Casework)	This measure and the measure "Duty lawyer services" were previously amalgamated and referred to as the 2008-09 measure "Legal representation to clients". They have been separated in recognition of the different levels of resource intensity for each activity.
<b>State Electoral Roll and Elections</b>		
Discontinued	State Government elections, by-elections and polls	This measure has been consolidated into the 2009-10 measure "State Government, Municipal and Non-government elections, by-elections and polls".
Discontinued	Municipal elections, by-elections and polls	
Discontinued	Non-government elections, by-elections and polls	
New	State Government, Municipal and Non-government elections, by-elections and polls	This measure comprises of the 2008-09 measures "State Government elections, by-elections and polls", "Municipal elections, by-elections and polls" and "Non-government elections, by-elections and polls". The new measure recognises the cyclical nature of State and Local elections and allows for flexibility in setting appropriate targets based on election cycles.
Discontinued	Training programs conducted for election officials	This measure has been discontinued as the successful conduct and delivery of elections, by-elections and polls by the VEC is reliant on the competency of those required to officiate. If competency levels are not met, this may have an impact on the achievement of the Quality measure.
Discontinued	Elector enrolment changes	This measure amended to become a timeliness measure. The number of elector enrolment changes attributed to the Australian Electoral Commission (AEC) activity, which was previously included in this measure, is outside of Victorian Electoral Commission's (VEC) control.

Discontinued	Post election implementation review reports provided within agreed timeframes	This measure has been discontinued, as it is an administrative requirement to be performed as part of an election conducted. The new timeliness measure is a better reflection of the timely management of the VEC's electoral roll management function.
New	Elector enrolment changes and new enrolments processed within set timeframes	This measure replaces the 2008-09 measure "Elector enrolment changes", the focus being on the timeliness of processing. The previous measure included an estimate of the number of enrolment changes attributed to the Australian Electoral Commission (AEC) activity that is outside of the Victorian Electoral Commission's (VEC) control.
<b>Public Prosecutions</b>		
Replaced	Number of witness assistance case referrals	This measure has been replaced by the 2009-10 measure "Number of victim and witness consultations". The 2009-10 measure captures a broader range of services provided by OPP to victims and witnesses.
Replaced	Guilty pleas as a percentage of case disposals	This performance measure has been replaced in 2009-10 by the measure "Guilty outcomes (guilty pleas and trial convictions) as a percentage of case completions ". The 2009-10 performance measure is a more comprehensive quality measure as it reflects outcomes of both pre-trial and trial activities.
Replaced	Number of adjournments sought by the Crown in County Court and Magistrates Court on the grounds of insufficient time to prepare	This performance measure has been replaced by the 2009-10 performance measure "Proportion of trials listed which did not proceed to adjournment on application of the Crown ". The 2009-10 performance measure is a more comprehensive timeliness measure as it refers to all adjournments sought by the Crown.
New	Judicial Officer sitting days requiring prosecutors	This measure shows the number of sitting days for Judges and Magistrates where a prosecutor is required.
New	Number of victim and witness consultations	This performance measure replaces the 2008-09 performance measure "Number of witness assistance case referrals". The 2009-10 performance measure shows the service provided by OPP to victims and witnesses and is broader in scope to the 2008-09 measure that has been replaced.
New	Guilty pleas as a percentage of case completions	This performance measure replaces the 2008-09 performance measure "Guilty pleas as a percentage of case disposals". The 2009-10 performance measure is a more comprehensive quality measure as it reflects outcomes of both pre-trial and trial activities.
New	Proportion of trials listed which did not proceed to adjournment on application of the Crown	This performance measure replaces the 2008-09 performance measure "Number of adjournments sought by the Crown in the County Court and Magistrates' Court on the grounds of insufficient time to prepare". The 2009-10 performance measure is a more comprehensive timeliness measure as it refers to all adjournments sought by the Crown.
<b>Community Based Offender Supervision</b>		
Discontinued	Average daily offenders on community work only orders	This measure has been replaced by the 2009-10 measure "Number of community work hours performed ". The 2009-10 measure provides a more accurate account of Community Correctional Services (CCS) performance and addresses issues associated with the discontinued measure.
New	Number of community work hours performed	This measure replaces the 2008-09 measure "Average daily offenders on community work-only orders". The 2009-10 measure provides a more accurate account of Community Correctional Services (CCS) performance and addresses issues associated with the discontinued measure.

**(27) Question**

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2008-09 and the target for 2009-10, please provide the reasons for the variance.

**(27) Response**

Output	Measure	2009-10 Target	2008-09 Expected Outcome	Variance	Comment
Police Integrity	Parliamentary reports published	6	8	-25%	The Office of Police Integrity plan to publish six Parliamentary reports each year although they inevitably work on more reports that may not be published for various reasons (e.g. legal issues). Also, the publication of a report could be postponed from one year to the next due to legal issues being resolved.
Police Integrity	Corruption prevention initiatives	50	60	-16.7%	The Office of Police Integrity plan to undertake 50 corruption prevention initiatives each year (by addressing police recruits). Where the opportunity presents itself during the year to undertake more, then additional initiatives will be conducted.
Supporting the Judicial Process	Medical and scientific investigations on the body of the deceased completed within 2 days	65%	55%	-10%	The 2008-09 expected outcome has been impacted by an increased workload resulting from the extreme weather conditions and bushfires experienced by Victoria in 2008-09.
State Electoral Roll	State Government, Municipal and Non-government elections, by-elections and polls	26	97	-73.2	The 2008-09 expected outcome was impacted by Municipal elections being held in Victoria, a higher than anticipated number of by-elections and fee-for-service elections. The 2009-10 target is lower than the 2008-09 expected outcome because neither general municipal nor State elections are scheduled in 2009-10.
Community Safety and Crime Prevention	Number of Working with Children checks processed	100,000-150,000	150,000-200,000	-25%	The 2008-09 expected outcome has been driven by a higher than anticipated demand for Working With Children Checks (WWCC's), particularly from the volunteer sector in the latter part of the year. The 2009-10 target remains the same as the 2008-09 target, taking into account expected tapering off of demand after the existing sentence.



**Appendix 1: Department of Justice**

<b>Output</b>	<b>Measure</b>	<b>2009-10 Target</b>	<b>2008-09 Expected Outcome</b>	<b>Variance</b>	<b>Comment</b>
Promoting and Protecting Consumer Interests	Inspections, compliance monitoring and enforcement activities	33,250	7,750	+329%	The increase in the 2009-10 target is largely attributed to activities delivered by the new compliance unit within Responsible Alcohol Victoria. These activities are associated with liquor licensing and contribute to the Victorian Alcohol Action Plan.
Gaming and Racing Management and Regulation	Regulatory Services including Licensing and Compliance Activities	29,024	25,962	+11.8	The increase in the 2009-10 target is to reflect the new level of regulatory activity by the VCGR associated with the Government's responsible gambling initiatives, new responsibilities with respect to Bookmakers Registration and expansion of Lottery supervision due to the addition of the second operator.
Gaming and Racing Management and Regulation	Racing matters processed (including licences, permits, appeals, registrations and grant applications)	160	650	-75.4%	Bookmakers and bookmakers' clerk's registrations occur on a triennial basis. All current registrations were renewed in 2007-08 and are not due for renewal again until 2010-11. The 2009-10 target has been reduced to reflect this cycle.

## **Staffing matters**

### **(28) Question**

Please fully complete the table below, providing actual EFT staff numbers at 30 June 2008 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2009 and 30 June 2010 for the department and its major budget funded agencies.

### **(28) Response**

For the purposes of workforce reporting for this questionnaire, the Department of Justice (DOJ) workforce includes all staff where:

(1) DOJ is the employer, as well as entities, which are employers in their own right and fully budget funded (2&3):

(2) Separate reporting entities where DOJ is employer:

- Judicial College of Victoria
- Sentencing Advisory Council
- Victorian Commission for Gambling Regulation
- Victorian Equal Opportunity & Human Rights Commission
- Victorian Institute for Forensic Medicine
- Victorian Law Reform Commission

(3) Separate reporting entities, which are employers in their own right and fully budget funded:

- Office of Police Integrity
- Office of the Privacy Commissioner
- Office of Public Prosecutions
- Victorian State Emergency Service Authority
- Victorian Electoral Commission

(4) Not a separate reporting entity however are an employer in their own right and fully budget funded:

- Victorian Government Solicitors Office

## Employment — Equivalent full-time staff

Classification	30 June 2008 (Actual) (EFT)					30 June 2009 (Estimate) (EFT)					30 June 2010 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Departmental Secretary	1				1	1				1	1				1
Executive Officer 1	2				2	1				1	1				1
Executive Officer 2	24				24	28				28	29				29
Executive Officer 3	50.8				50.8	54.4				54.4	56.4				56.4
Allied Health 2	18.1	2.7			20.8	22.5	7.3			29.8	23.5	6.3			29.8
Allied Health 3	40.1	10.7			50.8	39.6	7			46.6	40.6	7			47.6
Allied Health 4	17.4	1			18.4	21.2	1			22.2	21.2	1			22.2
CCO Grade 1	139.2	37.2	9.2		185.6	140.2	21.9	7.6		169.7	140.2	21.9	7.6		169.7
CCO Grade 2	63.7	1			64.7	61.3	0.8			62.1	61.3	0.8			62.1
CCO Grade 3	79.3				79.3	79.7				79.7	78.7				78.7
CCO Grade 4	12.4				12.4	10.4				10.4	9.4				9.4
CCO Grade 5	18				18	13				13	11				11
CCO Grade 6	3				3	8				8	8				8
Custodial Grade 1		15	0.6		15.6		20			20		20			20
Custodial Grade 2a	860.5	53.5	101.9		1015.9	881.7	82.5	74.9		1039.1	881.7	82.5	74.9		1039.1
Custodial Grade 2b	405.5	2			407.5	409.4				409.4	409.4				409.4
Custodial Grade 3	140.6				140.6	140.5				140.5	140.5				140.5
Custodial Grade 4	30				30	32				32	32				32
Custodial Grade 6	8				8	8				8	8				8
Grade 1	17.8	4.7	2.8		25.3	17.4	3	2.8		23.2	17.4	3	2.4		22.8
Grade 2	982.7	156.6	48.1		1187.4	1012.5	128.1	42.6		1183.2	1023.5	127.8	51.7		1203
Grade 3	722.6	116.7	13.1		852.4	789.1	167.1	19		975.2	822.2	171	19.3		1012.5
Grade 4	554.5	96.5	4.3		655.3	668.4	112.7	2.5		783.6	709.1	99.1	2.5		810.7
Grade 5	591.7	86.5	3.9		682.1	653	102.6	2.3		757.9	685.4	94	2.3		781.7
Grade 6	461.9	48.3	1.2		511.4	533.4	59.3	1.5		594.2	561.4	57.9	1.5		620.8
Grade 7	23				23	22				22	24				24
Trainee Registrar	143		0.4		143.4	152.5		0.7		153.2	153.5		0.7		154.2
Deputy Registrar	38.2				38.2	34.4				34.4	34.4		2.7		37.1
Registrar Grade 3	164.5	1	0.3		165.8	161.7	4.5	0.4		166.6	160.7	4.5	1.3		166.5
Registrar Grade 4	34.4				34.4	28.4				28.4	27.4				27.4
Registrar Grade 5	18.1				18.1	18.7	1			19.7	18.7	1	0.9		20.6

Report on the 2009-10 Budget Estimates

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Registrar Grade 6	19				19	21				21	21				21
Sheriff's Officer Grade 1	109.6				109.6	113				113	113				113
Sheriff's Officer Grade 2	10				10	13				13	13				13
Sheriff's Officer Grade 3	23				23	23				23	23				23
Sheriff's Officer Grade 4	5				5	8				8	8				8
Sheriff's Officer Grade 5	2				2	1				1	1				1
Sheriff's Officer Grade 6	1				1	1				1	1				1
Solicitor Grade 1	3	9			12	9	5			14	9	5			14
Solicitor Grade 2	41.6	1			42.6	25.4	2.6			28	34	4			38
Solicitor Grade 3	28.8	2			30.8	43.8	4			47.8	44.8	3			47.8
Solicitor Grade 5	74.2	0			74.2	78.7	2.6			81.3	81.7	2.6			84.3
Solicitor Grade 6	74.6	1.6			76.2	91.3	3.2			94.5	93.3	3.2			96.5
Other (Including forensic officers)	12.4	5.3	0.2		17.9	14.4	7.4	1.6		23.4	15.4	7.4	1.6		24.4
<b>TOTAL</b>	<b>6,070.2</b>	<b>652.3</b>	<b>186</b>		<b>6,908.5</b>	<b>6,486.0</b>	<b>743.6</b>	<b>155.9</b>		<b>7385.5</b>	<b>6,648.8</b>	<b>723</b>	<b>169.4</b>		<b>7,541.2</b>

## 1.6 Department of Planning and Community Development

### ***Budget preparation***

#### **(1) Question**

What are the key budget themes underpinning the development of the budget that relate to your Department?

#### **(1) Response**

The Department of Planning and Community Development's (DPCD) goal is to lead and support the development of liveable communities in Victoria through improved planning and design for sustainable communities, ensuring better access to housing, infrastructure, jobs and services and increasing opportunities for participation.

In the development of this year's budget, the Department has intensified its focus on strategies to assist in the management of population growth and minimise the pressure it places on communities and services, and on creating economic stimulus and more resilient communities that are better able to respond to the impacts of the global financial crisis, the Victorian bushfires, drought and climate change.

Key strategies reflected in the budget include facilitating development and renewal of critical infrastructure, leveraging investment in communities and jobs, creating opportunities for volunteering and participation and preserving the heritage of local communities.

The budget continues DPCD's role in delivering the goals of Growing Victoria Together and contributes to a range of key government policy directions, including the Melbourne @ 5 million, the Victorian Transport Plan, A Fairer Victoria, Women's Policy Framework 2008-11 and a response to the Victorian Veteran's Sector study.

#### **(2) Question**

What impact have developments at the Commonwealth level, including initiatives under the COAG Reform Agenda, had on preparing the Department's component of the 2009-10 State budget?

#### **(2) Response**

The Department continues to pursue a number of opportunities to collaborate with the Commonwealth Government, particularly in the areas of housing affordability, social inclusion, development of sporting facilities and community resilience in relation to climate change and recovery from the Victorian bushfires.

Key developments at the Commonwealth level influencing the Department's budget preparation included:

- Social inclusion, including through the recently announced Commonwealth Jobs Fund which is providing a total of \$650 million Australia wide for local jobs in local communities through innovative community projects involving local councils and community organisations;
- Potential contributions to the development of major sporting facilities and community sport and recreation facilities;
- Support for Victoria under COAG's skills reform agenda;
- Climate change mitigation and adaptation supports for households and community facilities; and
- Contributions to the Victorian bushfire recovery effort.

**(3) Question**

Please list the key assumptions (up to five) that have been used to develop the Department's projections for 2009-10.

**(3) Response**

Key assumptions used in DPCD's projections for 2009-10 include:

- The implementation and timing of payments for grant programs and infrastructure projects;
- Staffing levels within DPCD as outlined in the reply to Question 9.1;
- The revenue paid into the Community Support Fund; and
- The Department's overall costs are managed within inflation.

**(4) Question**

- a) What are the key risks relating to the budget estimates and the economic forecasts (please quantify these where possible)?
- b) How have these risks been managed?
- c) Please describe the economic or key external factors that pose the greatest risk to the Department meeting its budget for 2009-10.
- d) How have these matters been addressed in framing the 2009-10 budget for your Department?

**(4) Response**

- a) Please refer to the Whole of Government response provided by the Department of Treasury and Finance.
- b) Please refer to the Whole of Government response provided by the Department of Treasury and Finance (DTF).
- c) & d) The DPCD budget is funded from Government appropriations and a portion of electronic gaming revenues. Government, taking into account economic and fiscal issues has allocated the funding envelope on which the Department must manage. This funding is fixed and thus the Department puts in appropriate controls and monitoring mechanisms to ensure it operates within the funding envelope. The Department on-allocates expenditure within its Budget. The impacts of inflation on input costs are not expected to significantly affect the Department.

**(5) Question**

How has the Department ensured that its budget for 2009-10 is reliable in terms of being:

- affordable;
- deliverable; and
- fiscally sustainable?

**(5) Response**

As stated in our response to question 1.4 (c) the Government allocates the Department a fixed level of funding for 2009-10 that is sustainable for the State and which meets Government priorities. The Department must manage within the funding envelope provided by Government and thus appropriate controls and governance measures are in place to ensure this occurs. The new initiatives within the Budget delivery timetable are developed and monitored throughout the year by the department and central agencies. Where necessary, remedial action is taken to ensure timely delivery.

**(6) Question**

In relation to each of the Department's three largest budget initiatives for 2009-10 in terms of funding:

- a) What were the broad choices in terms of service delivery and relevant policy options that the Department was confronted with at the budget development stage;
- b) What were the costings of each policy option?
- c) Please explain the linkages to the areas identified in the Annual Statement of Government Intentions released by the Government in February 2009.

**(6) Response**

- a) DPCD's three largest budget initiatives for 2009-10 in terms of funding are:

- Targeted Urban Renewal: Broadmeadows Central Activity Districts
- Central Activity Districts and Employment Corridors Program
- Targeted Urban Renewal: Broadmeadows Government Services Building

The Central Activities Districts are complex long term urban change projects with multiple stakeholders. In most instances the projects have several service delivery partners (Government departments, agencies such as VicUrban, local government and the private sector) which all contribute to meeting Government objectives. It is expected that the service delivery options will evolve over time, subject to changing market conditions and priorities.

**Targeted Urban Renewal: Broadmeadows Central Activities Districts**

Broadmeadows Central Activities District is comprised of a number of major projects which are aimed at meeting Central Activities District objectives including facilitation of more housing, employment, private investment in residential and commercial developments and more sustainable transport solutions. Broad service delivery choices involved the prioritisation and grouping of these projects so that maximum effectiveness and value for money is achieved using a combination of public and private sector expertise.

**Central Activity Districts and Employment Corridors Program**

The implementation of the Central Activities District and Employment Corridor initiatives over the next four years will include preparation of updated and current urban development strategies for each individual Central Activities District which focus on:

- A shared vision and plan across the major stakeholders and community for the development of each Central Activities District;
- Providing planning clarity and certainty to the development community;
- Identifying the necessary supportive infrastructure;
- Identifying land required for infrastructure and to supply development sites;
- Development of seed and catalyst projects; and
- Marketing and investment facilitation.

Updated strategies will ensure clear priorities are in place for each Central Activities District as well as priorities for the overall program. These will have a range of service delivery choices and policy options which will be unique to each Central Activities District and which will be more fully developed once the plans for each Central Activities District are developed. Work under this initiative will build on priorities identified in the Transit Cities program and complement existing projects in each CAD.

### **Targeted Urban Renewal: Broadmeadows Government Services Building**

This is currently subject to Government procurement processes so it is not appropriate to respond to this question at this time.

- b) Each of these initiatives is being funded to support the Melbourne @ 5 Million policy which was released in December 2008.

### **Targeted Urban Renewal: Broadmeadows Central Activities Districts**

The Broadmeadows Central Activities District is comprised of a number of major projects with multiple service delivery partners. The major projects and their service delivery options were considered when costing the Broadmeadows Central Activities District project rather than policy options. Therefore the costings were done at the project level to support the delivery of the Melbourne @ 5 Million policy.

### **Central Activity Districts and Employment Corridors Program**

Funding for the first 4 years has been provided for the implementation of the Central Activities District and Employment Corridors initiatives within the cashflows detailed in the Victorian Transport Plan.

### **Targeted Urban Renewal: Broadmeadows Government Services Building**

This is currently subject to Government procurement processes so it is not appropriate to respond to this question at this time.

- c) The projects have the following linkages:

#### **Jobs – A Resilient Economy for Long Term Growth**

- The local economic benefits include the creation of new jobs. It is expected that the productivity of the Central Activities Districts, as hubs for retail and commercial activity will increase considerably.

#### **Communities – Planned, Connected and Secure**

- Building cohesive communities and reducing inequalities.
- Local benefits include reduced crime and increasing perceptions of safety resulting from the increased flow of people as residents, workers and shoppers; improved social connections between individuals.
- Improved social connections between individuals, service agencies and formal social networks; and improved access to social services.
- Improved access to housing and transport

#### **Environment – Climate Change, Water and the Natural Environment**

- Better management of under-utilised and possibly environmentally degraded sites.

### **(7) Question**

What programs, if any, have been deferred to future years to reduce financial pressures on the budget and achieve targeted budget surpluses?

### **(7) Response**

Please refer to the Whole of Government response provided by the Department of Treasury and Finance.



## Asset funding

### (8) Question

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2009-10, including each project's TEI. Please include the budget allocation for each.

### (8) Response

Capital Initiatives	2009-10 (\$M)	TEI (\$M)
Existing projects		
Rectangular Sports Stadium	25.5	211.5
Footscray Transit City	22.4	38.5
State Sports Facilities Upgrade	25.0	50.3
Ringwood Transit City – Stage 1	9.7	39.0
Northbank Promenade	4.8	15.1
Land Compensation	2.0	Ongoing
Aboriginal Heritage Information system	1.8	4.4
Electronic Document and Records Management System	0.6	4.0
Minor works program	3.8	Ongoing
New Projects		
Melbourne & Olympic Park Redevelopment	5.0	5.0
Targeted Urban Renewal: Broadmeadows Central Activity District	2.5	59.2
Statewide Electronic Planning Applications Online	1.6	7.0
Central Activity Districts and Employment Corridors	1.1	19.7
State Basketball Centre/Knox Regional Sports	1.0	7.0
Improving Major Sporting Precincts	1.0	1.2
Targeted Urban Renewal: Broadmeadows Government Services Building	0.5	17.4
ACFE Building Maintenance Program	0.5	2.0
Total	108.8	479.3

### (9) Question

What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the Department's responsibilities?

### (9) Response

DPCD's goal is to lead and support the development of liveable communities. To help achieve this goal one of the Department's four strategic directions is to improve planning and design for sustainable communities.

Two key aspects related to the delivery of this strategic direction are:

- the provision of infrastructure to meet community needs; and
- the timing of the infrastructure investment to ensure that necessary services are provided early in the life of new communities.

A major infrastructure challenge is planning for growth and change in rural, regional and metropolitan communities. This will present challenges across the full range of infrastructure issues including:

- housing;
- utility services (water, energy etc);
- social (health, education etc);
- transport (all modes including cycling, walking, personal travel and freight);
- community infrastructure (libraries, open space, sporting and recreation facilities etc); and
- jobs and services.

New infrastructure will be required in growth areas in Melbourne and regional Victorian cities, and infrastructure upgrades and replacement will be required in established urban areas experiencing growth. DPCD has responded to these infrastructure challenges primarily through land use planning and facilitating development, including:

- Improving public transport interchanges, walking and cycling routes, and public realm amenity in Central Activity Districts and Activity Centres experiencing growth (in collaboration with DoT);
- Giving greater priority to pedestrians, cyclists and public transport in Central Activity Districts and Activity Centres whilst recognising important traffic movements;
- Ensuring affordable housing in areas with appropriate levels of social supports and access to employment and training, particularly for refugee and humanitarian entrants;
- Integrating land use and transport planning to ensure that the transport system is responsive to both changes in travel patterns and the creation of desirable land uses and urban form;
- Developing multi-use facilities for sporting, community, school and club utilisation to maximise participation;
- Delivering new infrastructure (including transport and utility services) to support the establishment and growth of employment corridors and nodes in accordance with the policy objectives outlined in Melbourne @ 5 million; and
- Ensuring the delivery of new infrastructure services in a timely way to meet the needs of new communities as they establish and grow.

The major future sport and recreation infrastructure challenges being dealt with by DPCD are:

- completion of the Melbourne Rectangular Stadium – this is proceeding according to schedule and works will be completed in 2009-10;
- upgrades to state sports facilities in Albert Park and Olympic Park – these projects are progressing according to schedule and works will continue in Albert Park during 2009-10;
- the need for significant improvements to Melbourne Park to meet the future requirements of the Australian Open tennis tournament; and
- meeting the demand for synthetic surfaces as a result of the drought.

The current economic climate means that major infrastructure projects need to be carefully considered and prioritised, however the added emphasis on employment generation, for example, through Melbourne @ 5 million, supports major infrastructure projects such as the Government Service Building at Dandenong.

Victoria also has a number of publicly owned places of heritage significance which require funding to ensure they remain in a stable and usable state.

The Department has progressed the implementation of the Aboriginal Cultural Heritage Registry Information System to support the *Aboriginal Heritage Act 2006*.

**(10) Question**

Has the Department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the Department's operations? If so, please provide details of the findings.

**(10) Response**

Understanding future needs is pivotal to the development and implementation of the DPCD's strategies and operations. As part of this process, DPCD sources and utilises a range of tools to forecast the operational implications of its strategies and to review its strategic position.

Findings resulting from external and departmental analysis include:

- Analysis of 2006 census results, together with recent migration trends, suggests that the projected population of Melbourne in 2030 will be over half a million higher than previously forecast and is now estimated to be in the order of more than 5 million people. Melbourne is growing at a faster rate than Sydney and settlement of refugees and humanitarian program entrants will increase in regional Victoria.
- This additional population will impact the need for housing with demand increasing to a total of approximately 600,000 dwellings by 2026. More than half of these new homes will need to be located in and around activity centres and along major public transport corridors if progress is to be made in achieving urban consolidation and in reducing the need for government investment in infrastructure on the urban fringe.
- Retail floor space in Melbourne is forecast to increase by over 3 million square metres by 2030 with the bulk of this additional space to be located outside the CBD. Over 2 million square metres of this additional space is expected to comprise investment in regional and sub-regional shopping centres or homemaker or factory outlet centres.
- Growth at the fringes of Melbourne will continue to be high over the next five years, emphasising the importance of facilitating development within activity centres and improving liveability in outer suburbs and for new communities.
- Increasing awareness of climate change impacts and the need for significant and early action on greenhouse gas emission reductions, water shortages, higher petrol prices and housing affordability issues reinforces the need to implement growth area strategies.
- Many regional areas are witnessing diminishing health levels, greater household cost pressures and changing service needs due to ageing populations and lower household incomes relative to Victoria's average, which will impact on the future prosperity and liveability of rural and regional communities, if left unaddressed.

The Department also analyses infrastructure demands as they relate to its administrative operations, including on:

- workforce and skill profiles;
- information technology and business operations systems; and
- facilities.

The Department regularly undertakes reviews, needs assessments and feasibility analyses of the infrastructure requirements of the State's major sporting facilities. In the event that capital investments are required for the development of facilities, funding requirements are processed through Government's budget processes.

Similarly, DPCD undertakes reviews of infrastructure needs of different population groups. In 2007, an Implementation Strategy assessed the business and technology landscape to provide detailed solutions to improve the delivery of services to Victoria's Indigenous communities in order to meet its obligations under the Aboriginal Heritage Act 2006. The Aboriginal Cultural Heritage Resource Information System (ACHRIS) program commenced in July 2008 and is due for completion in June 2012.

### **(11) Question**

In relation to the unapplied output and asset funding carried forward to 2009-10, please provide:

- a breakdown of the carried forward funding for both output and asset initiatives;
- the underlying reasons for the Department's funding carryover for each category; and
- the intended revised timing for use of the carried forward funds, including project specific details for asset initiatives.

**(11) Response**

<b>Output Initiatives</b>	<b>Estimated Carryover (\$M)</b>
<b>Indigenous Community and Cultural Development</b>	
Aboriginal Land and Economic Development Program	0.8
<b>Local Government</b>	
Community Awareness Program	0.3
<b>Women's Policy</b>	
Family Violence Strategy	0.1
<b>Planning</b>	
Broadmeadows Transit City	1.1
Geelong Transit City	4.9
<b>Sport &amp; Recreation Development</b>	
Go For Your Life	1.0
Synthetic Surfaces program	1.2
Sport and Recreation Grants	0.3
<b>Total</b>	<b>9.6</b>

<b>Asset Initiatives</b>	<b>Estimated Carryover (\$M)</b>
Aboriginal Heritage Information System	0.4
Revitalising Central Dandenong	1.1
<b>Total</b>	<b>1.5</b>

The reason for the requirement to carryover funds for output initiatives relates to minor delays in meeting original delivery timeframes which will now fall into the 2009-10 financial year.

The reason for the requirement to carryover funds relating to the asset initiatives is due to limited availability of resources as well as minor construction delays. Finalisation of these projects is expected within the original estimate.

These funds are expected to be expended in 2009-10.

***Efficiencies, savings and productivity improvement***

**(12) Question**

In relation to the estimated efficiencies to be derived in 2009-10 (including from the various measures that fall under the umbrella of the Efficient Government policy and the other targeted initiatives, please provide:

- a) a breakdown of all planned efficiency savings for 2009-10 according to the various measures of efficiency that apply to the Department's operations as identified in the 2007-08 and 2008-09 Budgets, and in new measures introduced in the 2009-10 Budget;
- b) an explanation of:
  - how decisions regarding applicable savings measures are to be made;
  - the nature of their expected impact on programs, for example, programs expected to be accelerated, deferred or discontinued; and
  - the basis for estimating the savings target to be achieved for each measure;
- c) particulars of any changes to the Department's allocated savings for 2009-10 from the data shown in the 2007-08 and 2008-09 Budgets; and
- d) a description of any areas earmarked for productivity improvement in 2009-10.

**(12) Response**

a)

	<b>Total 2009-10 Budget Savings (\$M)</b>
Buying Smarter, Buying Less	0.3
Shared Services	0.2
Managing VPS Growth	0.6
General administrative efficiencies (2009-10)	3.0
<b>Total</b>	<b>4.1</b>

b) In relation to savings measures, the criteria will be to minimise any impact on service delivery to the community. Savings are targeted to administration.

It is not expected that programs will be required to be deferred or discontinued as a result of the savings target.

As stated above, the savings will be allocated to administrative areas covering all areas of the department. The use of shared services or consolidations will be utilised to achieve savings.

c) The only change is the requirement to achieve the 2009-10 savings target.

d) As stated above, the use of shared services, consolidated activities and business process will be examined to achieve savings.

***Environmental challenges***

**(13) Question**

- a) What are the key environmental issues that are predicted to have an impact on services delivered by the Department's portfolios in 2009-10?
- b) How have these issues been addressed in the Department's budget estimates for 2009-10?
- c) Please list up to five projects or programs worth over \$1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2008-09 and 2009-10 for existing projects if applicable).

**(13) Response**

a) The Victorian Bushfires, drought and climate change are key environmental issues that may impact on the services provided by the Department in 2009-10.

There may be increased demand for support for community enterprises as a community development tool in bushfire-affected communities, in particular arising out of Community Recovery Committees formed through the Victorian Bushfire Reconstruction and Recovery Authority (VBRRA) activities.

The Social Traders program, which is to have its operational launch around May 2009, potentially has a role to play in a coordinated response to this demand supported by VBRRA and the Department.

There were eight Community Building Initiative (CBI) sites that were affected by the 2009 bushfires – East Gippsland, Cardinia, Latrobe, Alpine, Kinglake Ranges, Whittlesea, Upper Yarra and Horsham. As a result of the bushfires community members undertook leadership roles and provided extensive support to their communities to respond in a coordinated and responsive manner. Community priorities and plans will change and the focus of CBI in these areas will include community recovery.

There may also be increased demand for support for community enterprises as a community development tool in drought-affected communities, in particular arising from increased need for professional retraining in the face of industry restructuring. Social Traders may have a role in coordinating the response to this demand.

Increased financial disadvantage arising from the bushfires and drought is likely to increase demand for programs such as the No Interest Loan Scheme. With significant loan capital being provided to the program by NAB, increased demand is likely to be placed on Government to support strengthening the capacity of Good Shepherd to deliver the scheme.

Neighbourhood Houses in drought and bushfire areas, in particular, are operating close to or beyond their capacity. Services and support beyond material aid in bushfire areas is expected to be reduced for some time as is the capacity of communities to provide skilled governance of Neighbourhood Houses where volunteers are otherwise engaged or exhausted.

The Department will play a critical role in community cohesion and resilience, particularly in regional and rural Victoria through its sport and recreation programs. Over the last three years, the DPCD has successfully implemented a number of funding programs and partnerships designed to assist sporting bodies overcome the impacts of the drought.

Climate change more broadly, will have a particularly significant impact on low income households and vulnerable communities who will face increased pressure with limited resources to respond and adapt to regulation and policy changes.

Climate change is an ongoing challenge for small rural communities and will have greatest impact on the agricultural industries and small businesses. The resources and awareness to respond and adapt to climate change has been compounded by the drought. The impact on agriculture and small business will result in change for small rural communities.

Climate change will also impact on low income households in small rural communities as they face increased costs with limited resources to respond and adapt.

- b) The Department has established the Future Coasts Planning Advisory Committee to begin to address planning issues associated with climate change and rising sea level impacts and has begun implementation of the Regional Future Farms strategy and development of recommendations for future reform via the Future Farms Regional Planning Group.

The Department is also supporting consideration of climate change as part of future urban development and will contribute to the Government's Climate Green Paper/White Paper process.

As previously announced in the 2008-09 Budget Update, funding has been provided in 2008-09 and 2009-10 for the Drought Response for Community Sport and Recreation Program 2009 and the Regionally Significant Synthetic Surfaces Program.

c)

<b>Initiative</b>	<b>2008-09 \$M</b>	<b>2009-10 \$M</b>
Future Farming Strategy	1.1	1.2
Drought Response for Community Sport and Recreation Program	2.2	2.2
Synthetic Surfaces Program	1.9	1.9
<b>Total</b>	<b>5.2</b>	<b>5.3</b>

**(14) Question**

What initiatives are planned by the Department in 2009-10 to enhance reporting of the mandatory and optional office-based environmental indicators identified in FRD 24C.

**(14) Response**

The Department will continue to use the FRD24C framework for reporting mandatory and optional office-based environmental indicators. Reporting will be enhanced through the inclusion of actions undertaken during the year, projected targets and key achievements.

**Spending**

**(15) Question**

Please outline any major expenditure policy shifts in 2009-10. In relation to these, please explain:

- the assumptions underpinning the policy decision;
- alternative scenarios considered; and
- fiscal effects.

**(15) Response**

No significant expenditure shifts have occurred in 2008-09 other than the machinery of government change that resulted in the Victorian Multicultural Commission being located with the Department of Premier and Cabinet (DPC). The only other shift was that savings of \$3.0 million were required in 2008-09 to help fund the Government’s response to drought.

**(16) Question**

What processes have been applied by the Department to ensure that new programs have been rigorously costed?

**(16) Response**

All new output and capital programs are supported by the development of a business case. The process of developing a business case includes a structured process to ensure the veracity and integrity of program costing. The Department uses the DTF’s Business Case process in developing and formulating this structure.

Costing methodologies and any related financial modelling are validated and confirmed by an internal quality control process. Business cases are formally signed off by the senior responsible owner and endorsed by senior policy and financial officers.

**(17) Question**

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2008-09 and the target for 2009-10 for individual outputs.

**(17) Response**

In relation the Disability output, the Access for All Abilities (AAA) program recurrent budget of \$3.6 million has transferred to the Sport and Recreation Development output for the 2009-10 Budget.

In relation to the Indigenous Community and Cultural Development output, a number of programs lapse at the end of 2008-09, however, these programs have received additional funding as part of the 2009-10 Budget from the Community Support Fund. Funding from the Community Support Fund is not included in the output cost.

In the Women’s Affairs output, the reduction from the 2008-09 Expected Outcome relates to a number of lapsing programs, namely the Family Violence Strategy

In the Sport and Recreation Sector Development output, the increase in the 2009-10 target compared to the 2008-09 expected outcome relates to additional funding for Major Events programs to be delivered by the Department.

In relation the Community Development output, the increase reflects the anticipated increase in the deficit for the Community Support Fund in 2009-10, as well as additional funding received for initiatives announced as part of the 2009-10 Budget.

In the Developing the Local Government Sector output, a number of programs lapse at the end of 2008-09. These include the Future of Local Government program, and programs to support drought affected communities.

**(18) Question**

In relation to expenses from transactions that relate to ‘Employee Benefits’, if a variation of more than 10 per cent arises between the Estimated Actual for 2008-09 and the budget for 2009-10, please provide an explanation.

**(18) Response**

Nil.

**(19) Question**

Please provide a tabular dissection of the Department’s 2009-10 budget and expected expenditure for 2008-09 under the Government’s key themes presented annually in the Victorian Budget Overview differentiating between new funding initiatives and ongoing funding.

**(19) Response**

2009-10 Budget Theme	2009-10 Expenditure (\$m)
Investing in liveable communities	22.9
<b>Total</b>	<b>22.9</b>

2008-09 Budget Theme	2008-09 Expenditure (\$m)
Securing a prosperous future for Provincial Victoria	1.1
Improving community safety and access to justice	0.2
Reducing disadvantage and building a fairer Victoria	10.7
Building thriving, liveable communities	31.3
<b>Total</b>	<b>43.3</b>



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

### **(20) Question**

In terms of any major revenue policy changes contained in the 2009-10 budget relating to revenue generation, tax expenditures or concession and subsidies, please explain:

- the assumptions underlying the analysis;
- alternative scenarios considered; and
- the fiscal effect of any tax changes.

### **(20) Response**

There have been no major revenue policy changes announced in the Budget that relate to DPCD.

### **(21) Question**

- a) In relation to 2009-10, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.
- b) Please outline the actual and expected financial impact in 2009-10 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the Department.

### **(21) Response**

Nil.

### **(22) Question**

Please provide a listing of any revenue measures (taxation, fees, fines etc) or any concessions (or subsidies) where changes are more or less than the cost of living adjustment (include the value of such measures and the percentage change).

### **(22) Response**

The Department automatically indexes fees and fines each year for inflation in line with government policy. These are detailed on [www.dpcd.vic.gov.au](http://www.dpcd.vic.gov.au).

### **(23) Question**

For the Department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2008-09 and the budget for 2009-10.

### **(23) Response**

The downward movement in the Interest Revenue category relates to a revision in interest revenue due to the decline in interest rates set by the Reserve Bank of Australia.

The movement in the revenue from other parties and other income category relates to the method of funding for Major Events which is provided through DTF. This funding is received post Budget.

## ***Regional and rural considerations***

### **(24) Question**

- a) What are the critical issues facing regional and rural communities in 2009-10 that depend on services provided by the department (please provide comment relating to particular areas of the State where applicable)?

b) How does the Department's 2009-10 budget address these issues?

**(24) Response**

a) Communities in rural and regional Victoria are diverse in nature ranging from small towns through to large urban growth areas. These communities generally share a number of characteristics such as greater community strength and higher rates of participation in community activity. However regional and rural communities often exhibit a number of vulnerabilities such as isolation and higher rates of relative social disadvantage.

Rural and regional communities are facing significant changes in the structure of their economies, demographics and in their relationship to the environment. As highlighted by the recent bushfires many communities are also increasingly vulnerable to crises.

Key issues facing regional Victoria include:

- Population growth and decline – overall, regional Victoria is growing strongly, and many regional communities are growing rapidly. However, the population of some rural communities continues to decline.
- Population ageing – Victoria's regional population is ageing, with an increasing number of people aged over 70.
- Drought, water shortages and climate change.
- Disadvantage – regional Victoria has higher levels of disadvantage, concentrated in particular places and amongst sub-populations.

Accordingly, a key challenge for regional communities is to adapt to change and plan for the future.

The Department has a well established and extensive regional and local government network across Victoria which provides planning advice, community strengthening activity and program delivery.

**Population growth and decline**

Many regional communities are growing strongly. Planning for regional growth and the associated infrastructure will demand better coordination and regional planning involving all levels of government to develop leveraged joint responses to critical issues.

Critical issues facing regional and rural communities in the near future that relate to services provided by the Department include:

- Addressing priority areas for growth and land supply in areas such as Geelong, Latrobe Valley, Wodonga, Bendigo and Ballarat;
- Managing rapid growth in fringe metropolitan, the development pressures facing peri-urban areas and land use adjustments in rural areas;
- Working with local government to ensure adequate community facilities (e.g. libraries, community centres, sporting facilities) in growing communities; and
- Working with local government to strengthen small rural communities through active participation in local community events and activities, new and improved community facilities, employing local people, and increasing economic activity for small business and tourism.

## **Ageing Population**

Critical issues facing regional rural communities in the near future that relate to services provided by DPCD include:

- Victoria's population is ageing and the proportion of older people in rural and regional areas is greater than in metropolitan Melbourne with the challenges of a rapidly ageing population are being felt more sharply in these communities; and
- The need to coordinate effort across agencies and levels of government to meet rural and regional population needs remains a challenge.

Victoria's regional population is ageing. A key challenge is to reduce social isolation, through programs such as Men's Sheds and Neighbourhood Houses.

A related challenge is to develop transport solutions to reduce barriers to accessing services and social networks. The Department is working with DOT and other departments to address this challenge through the Transport Connections program.

Retaining young people in rural communities is a key issue. Key points of connection between individuals and their communities (such as local football and netball teams) are addressed through programs such as FReeZA, FReeZACentral, Youth Participation and Access, Youth Foundations, Advance, Mentoring and Capacity Building and Young People Direct.

## **Drought, water shortages and climate change**

Rural and regional communities need to consider ways of adapting to climate change. Community resilience is important in responding to the effects of drought, water shortages, floods and bushfire.

Over the last three years, DPCD has successfully implemented a number of funding programs and partnerships designed to assist communities overcome the impacts of the drought. In particular, these programs have supported the provision of synthetic surfaces for sporting facilities in drought affected communities.

Rural women play a significant role in communities affected by drought and ongoing climate change. In these circumstances women in rural communities take on critical roles spanning family, business and the community, over and above the already heavy demands made on them. The Rural Women's Network initiative is about local women working together and exploring partnerships that improve their family situation and community's wellbeing.

As part of the Government's strategy to support the needs of women in rural and regional areas, part-time *Community Engagement Officers - Women and Drought* have been employed in five rural regions. These officers facilitate opportunities for rural women from across their respective regions to meet, share information about local activities and approaches, and develop supportive networks to deal with drought and climate change.

## **Disadvantage**

The challenge of disadvantage is also being addressed by rural and regional communities. In particular, the need to coordinate effort across agencies and levels of government remains a challenge. Housing stress and homelessness is a critical issue, along with the significant disadvantage faced by Indigenous communities.

A stronger focus in *A Fairer Victoria 2009* is emphasised on the four priority areas of getting the best start, improving education and helping people into work, improving health and wellbeing, and developing liveable communities.

## Adaptation and Planning For The Future

A range of key approaches have been adopted to assist communities in adapting to change and planning for the future. Some examples include:

- Developing integrated local and regional partnership approaches to addressing issues and opportunities through Regional Management Forums, and place-based programs such as Community Renewal and the Community Building Initiative.
- Building the capacity of local and regional organisations, especially local councils and economic development and other bodies.
- Providing appropriate information and technical support for community level planning and decision making. Access to high quality information, research and expert interpretation is a critical need for regional agencies and community organisations. Through such access, decision making for planning and community development is enhanced.
- Developing the capability of individuals to lead and participate in community life. As has been demonstrated in the February 2009 bushfire crisis, volunteers deliver a crucial range of community services in an emergency – from immediate response, management and relief services, through to recovery and rebuilding phases. In the longer-term, this includes participation and building community resilience. Beyond emergencies, volunteers are critical to most aspects of community life: sport and recreation, education, environmental stewardship and sustainability, health and welfare, arts and heritage, local governance and advocacy. In many small rural communities, Adult Community and Further Education (ACFE) plays an important role through Adult Community Education (ACE) providers in providing a point of access for education and training in communities.
- Facilitating the development of formal and informal social networks In planning for the future. A key challenge is integrating whole-of-government policy response on issues such as liveability, wildfire management, natural resource management, agriculture and forestry sectors, and biodiversity into rural and regional strategic land use planning and community development initiatives.

In 2008-09, planning support to Regional Victoria was boosted with specific initiatives targeting rural land use planning, improved understanding of regional centre land needs and support for regional frameworks in priority areas including Latrobe Valley and the Murray Corridor. Approximately \$2.19 million was allocated in 2008-09 to support and initiate these activities.

More than \$3.7 million over the following four years to support improved rural planning responses to structural change has been provided. DPCD is also supporting a Rural Planning Group to identify and plan for future scenarios for farming and farming communities.

Regional Planning Initiatives will build upon the significant regional presence programs delivered by DPCD to promote liveability, address issues generated through growth, and the challenges of disadvantage through the decline of regional and rural townships. These initiatives will also be linked to the Government's Regional Strategic Planning Initiative led by Regional Development Victoria.

b) The Department's 2009-10 budget initiatives include:

- \$11.6m to support the construction of community facilities (libraries, community centres and sporting facilities) in growth areas (including regional Victoria) and bushfire-affected communities;
- \$2m for new Men's Sheds throughout Victoria;

- Many older men, particularly single men, can suffer from isolation within their communities. Men's Sheds are particularly successful in attracting older men who miss out on conventional health, employment and training initiatives, including those living in rural and regional Victoria, and are ideal environments to deliver programs for older men who may be experiencing issues relating to their health, social isolation or unemployment.
- \$4m to extend Neighbourhood House coordination hours (throughout Victoria);
- \$0.66m to continue the Rural Women's Network;
- \$9.31m to bolster volunteering across the state, including in regional areas through:
  - a new on-line single entry point for volunteering in Victoria, to include matching services, information and resources for community organisations and individuals wishing to volunteer;
  - a major awareness and recruitment campaign to promote community participation, particularly by young people; and
  - resources and support to help community organisations and local governments adapt in order to attract more and younger volunteers;
- \$8.8m to extend funding for the Community Renewal program from three to six years in eight sites, which includes Whittington in the Geelong Region;
- \$1.2m for Country Football and Netball grants; and
- funding for the Drought Response for Community Sport and Recreation Program 2009 and the Regionally Significant Synthetic Surfaces Program.

**(25) Question**

Please provide a table showing for up to five of the Department's largest projects (in terms of expenditure) benefiting regional and rural Victoria the:

- budget allocation for 2009-10 dissected between new and existing projects;
- the purpose of each project;
- how the funding is to be spent; and
- the performance measures in place to assess performance.

**(25) Response**

The Department will deliver a number of initiatives targeted at rural and regional Victoria in 2009-10, three of which are outlined in the table below. In addition to these targeted initiatives, the Department continues to implement a number of significant statewide programs which support a large number of rural and regional Victorian communities, including:

- Neighbourhood Houses;
- Libraries; and
- Adult Community Education.

	<b>Community Building Initiative</b>	<b>Transport Connections</b>	<b>Drought Relief for Community Sport and Recreation Program</b>
Budget allocation for 2009-10 (new and existing)	\$2,532,595 towards existing CBI projects participating in a four year program	\$4,148,000 towards existing Transport Connections projects participating in a four year program.	\$2,200,000 allocated for 2009-10 to continue the Drought Relief for Community Sport and Recreation Program (DRCSR).
Purpose of Each Project	The Community Building Initiative (CBI) is a \$10,000,000 place-based investment over 4 years that provides support for 19 projects in rural and regional Victoria, involving more than 100 communities. CBI strengthens communities through active participation in local community events and activities, delivering new and improved community facilities, employing local people, and increasing economic activity for small business and tourism.	Transport Connections is an \$18,300,000 investment over 4 years that supports communities across the state to develop transport solutions to specific local problems. Transport Connections helps communities find practical solutions to improve existing transport services. This is achieved by: - bringing community groups and organisations, individuals, transport providers and local businesses together to develop tailored transport solutions; and - making better use of existing transport resources (public and private) through new and coordinated approaches.	The DRCSR provides grants to help local communities maintain local community sport and develop sustainable approaches to water management of sports grounds and other sport and recreation facilities. Councils on Stage 3 or higher water restrictions will be eligible to apply for a grant of up to \$100,000 for a project to keep sport and recreation facilities open or provide long term, sustainable reductions in potable water use by community sporting facilities. Additional priority projects, in any council area, will be considered where continued use of a facility is at risk because of lack of water or where the facility is important to the maintenance of local competition.
How the funding is to be spent	The funding will contribute to project facilitators located in the 19 CBI locations, project support and program coordination	The funding is distributed as grants to the 32 projects throughout all Victorian rural, regional and interface municipalities to employ a Transport Connections coordinator and develop a range of transport initiatives through local community based partnerships.	Funding is distributed to local councils as grants towards the total project costs of successful applications on the following ratios: SRV \$1: \$1 local for metropolitan councils SRV \$1.5: \$1 local for outer metropolitan councils and regional cities; and SRV \$2: \$1 local for rural councils. In 2008-09 a majority of funding under this program was allocated to rural and regional councils and it is expected this will occur again in 2009-10.
The performance measures in place to assess performance	Grant payments paid against completion of funding agreement milestones. Grant projects which are completed and have successfully met their objectives. Grants acquitted within the timeframe specified in the terms and conditions of the funding agreement.	Grant payments paid against completion of funding agreement milestones. Grant projects which are completed and have successfully met their objectives. Grants acquitted within the timeframe specified in the terms and conditions of the funding agreement.	Community Facilities Grants: number approved.

## **Performance measures**

### **(26) Question**

Please provide the rationale for any change in performance measures presented in the budget papers for 2009-10 (including new and discontinued measures).

### **(26) Response**

<b>Performance measure</b>	<b>Status</b>	<b>Reason</b>
<b>Adult Community and Further Education</b>		This output was named Adult and Community Education under the 2008-09 output structure.
Number of government funded Skills Deepening level course enrolments in ACFEB registered ACE organisations and AEIs	New performance measure introduced in 2009-10.	New performance measure introduced in 2009-10 to describe the elements of the Skills policy statement that will be implemented during 2009.
Number of pre-accredited module enrolments government funded through the ACFEB - ACE organisations and AEIs		
Student contact hours government funded through the ACFEB to 15 to 24 year olds - ACE organisations and AEIs	New performance measure introduced in 2009-10. Replaces the 2008-09 measure 'Student contact hours Government funded through the ACFEB to 16 to 24 year olds – ACE organisations and adult education institutions'.	The 2008-09 performance measure and Target have been amended to include 15 year olds because of the inclusion of 15 year olds in the ACE Youth Guarantee program.
Adult Community Education Equipment Grants: grants acquitted within the timeframes specified in the terms and conditions of the funding agreement	2008-09 performance measure discontinued in 2009-10.	This performance measure has been discontinued as the final program allocation was in the 2008-09 Budget.
<b>Community Development</b>		This output combines the former 'Community Strengthening' output and 'Neighbourhood Houses and Men's Sheds' output.
Community enterprises supported	New performance measure introduced in 2009-10. Replaces the 2009-10 measure 'Community Enterprise grants: number approved'.	The performance measure has been reworded as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs.
Projects funded through the Victorian Community Support Grants program for the purpose of planning, community strengthening and infrastructure	New performance measures introduced in 2009-10.	New performance measure introduced as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs. This measure also reflects the Government's commitment to building community facilities.
Resident participation in Community Renewal governance structures	New performance measure introduced in 2009-10.	New performance measure introduced as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs.
Community Foundation boards or advisory committees have completed financial and/or governance training		
Grant projects which are completed and have successfully met their objectives		

## Report on the 2009-10 Budget Estimates

Performance measure	Status	Reason
Progress on implementation of actions in Strengthening Community Organisations Action Plan complies with agreed performance targets		
Grant payments paid against completion of funding agreement milestones	New performance measure introduced in 2009-10 replacing the following 2008-09 measures: 'Community Renewal: grants paid against milestones of funding agreement', 'Community Support Fund: grants paid against milestones of funding agreements', 'Enterprise Communities: grants paid against milestones of funding agreement', 'Flexible Transport Solutions Grants: grants paid against milestones of funding agreements', 'No Interest Loans Scheme: grants paid against milestones of funding agreements', 'Men's Shed Program: grants paid against milestones of funding agreements', 'Neighbourhood House program: grants paid against milestones of funding agreements', and 'Payments made according to contracts provided ICT grant recipients meet contract terms'.	These measures have been combined as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs.
Progress on implementation of actions in the volunteering strategy complies with agreed performance targets	New performance measure introduced in 2009-10.	New performance measure introduced in 2009-10 to reflect the Government's commitment to participation in volunteering.
Grants acquitted within the timeframe specified in the terms and conditions of the funding agreement	New performance measure introduced in 2009-10 replacing the following 2008-09 measures: 'Community Renewal: grants paid acquitted within the timeframe specified in the terms and conditions of the funding agreement' and 'Community Support Fund: grants acquitted within the timeframe specified in the terms and conditions of the funding agreement'.	These measures have been combined as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs.
Community Bus investments provided	2008-09 performance measures discontinued in 2009-10.	This performance measure has been discontinued as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs.
ICT project quarterly monitoring reports are assessed		
Community Support Fund: grant payments assessed and approved within seven working days		
Community Foundations: Sites established		
Enterprising Communities: Operations Community Enterprise Catalyst		
ICT projects and programs underway		



**Appendix 1: Department of Planning and Community Development**

<b>Performance measure</b>	<b>Status</b>	<b>Reason</b>
Volunteering Small Grants: number approved		
Community Services Workforce Capability Framework: developed in consultation with and endorsed by community sector	2008-09 performance measure discontinued in 2009-10.	This performance measure has been deleted as the activity is now complete.
Office for the Community Sector established	2008-09 performance measure discontinued in 2009-10.	This performance measure is completed as the Office for the Community Sector was established in 2008.
<b>Developing the Local Government Sector</b>		This output was named Local Government Sector Development under the 2008-09 output structure.
Living Libraries grants provided to improve public library services in partnership with local councils	New performance measure introduced in 2009-10 replacing the 2008-09 measure 'Living Libraries Program grants: number approved'.	The 2009-10 performance measure is the same as the 2008-09 measure except for additional wording included and measures the same activity as per the performance measure in 2008-09.
Local councils receiving Victoria Grants Commission (VGC) funding	New performance measures introduced in 2009-10.	New performance measure for 2009-10 introduced as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs.
Assessment of Living Libraries grant applications against funding agreement criteria		
Funding grants are provided within timeframes agreed with grant recipient		
Living Libraries grant payments are made within timeframes agreed with grant recipients		
VGC payments are made within timeframes agreed with local councils		
Funding for Public Library Services grants and Premier's Reading Challenge Book Fund paid against milestones of funding agreements	New performance measure introduced in 2009-10 replacing the 2008-09 measures 'Public Library Services: grants paid against milestones of funding agreements' and 'Premiers Reading Challenge Book Fund: proportion of funds allocated within agreed timelines'.	New performance measure replaces the 2008-09 performance measures as a result of a departmental review.
Inter-library loans supplied by public library services to other libraries	2008-09 performance measure discontinued in 2009-10.	This performance measure has been discontinued as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs.
Library branches with computer safety measures in place		
Library construction or refurbishment grants: number completed		
Councils meet Performance Measurement and Management Reporting System requirements		
Future of Local Government program: Initiatives funded meet milestones		
Council annual reports lodged within statutory timeframes		
<b>Disability</b>		

**Report on the 2009-10 Budget Estimates**

<b>Performance measure</b>	<b>Status</b>	<b>Reason</b>
Number of Disability Advocacy clients	New performance measure introduced in 2009-10.	Introduced as a result of a Machinery-of-Government change, transferring responsibility for the Disability Advocacy Program from the Department of Human Services.
<b>Indigenous Community and Cultural Development</b>		
Cultural heritage management capacity building activities undertaken with community groups	New performance measure introduced in 2009-10 replacing the 2008-09 measures 'Heritage projects jointly developed and carried out with Aboriginal communities' and 'Heritage training activities addressing community identified priority issues'.	The 2009-10 performance measure is the same as the 2008-09 measures but has been reworded to better describe the focus of these activities. The 2009-10 Target is therefore higher than previously as it combines both activities.
Increase in membership of Stolen Generations Victoria	New performance measure introduced in 2009-10.	New performance measure for 2009-10 to reflect the Government's ongoing commitment regarding the Stolen Generations.
Participants who complete Governance training	New performance measure introduced in 2009-10.	New performance measure added in 2009-10 as a result of the internal review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs.
Governance training initiatives participant completion rate	New performance measure introduced in 2009-10 replacing the 2008-09 measure 'Increase in board members undertaking governance training'.	New performance measure replaces the 2008-09 performance measure to better reflect a focus on the completion of governance training.
Local Indigenous representation groups completed stage one of community plans	New performance measure introduced in 2009-10 replacing the 2008-09 measure 'Local Indigenous groups developing local plans'.	This performance measure has changed to reflect the completion of stage one of the three stage community planning process undertaken by the Local Indigenous Network.
Cultural heritage management Plans assessed by AAV within legislative timeframes	New performance measure introduced in 2009-10 replacing the 2008-09 measure 'Verified records added to heritage database'.	New performance measure replaces the 2008-09 measure as it provides an improved measure of integrated planning for land use development and the timeliness of response to stakeholders.
Governance training programs implemented	New performance measure introduced in 2009-10 replacing the 2008-09 measure 'Governance training programs supported'	This performance has been reworded to replace 'supported' with 'implemented'.
Formal consultations with Aboriginal communities concerning community building and cultural heritage management activities and government issues	<i>2008-09 performance measure discontinued in 2009-10.</i>	This performance measure has been discontinued as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs.
Lake Tyers projects: completed within set timeframes		
Proportion of Community Infrastructure feasibility studies completed within agreed time		
High priority cyclical building maintenance works completed within stipulated time frames		
Verified records added to heritage data base		
Meetings of Aboriginal Heritage Council supported		

**Appendix 1: Department of Planning and Community Development**

<b>Performance measure</b>	<b>Status</b>	<b>Reason</b>
Local Indigenous representation groups established	<i>2008-09 performance measure discontinued in 2009-10.</i>	This performance measure has been deleted as it is now complete.
<b>Planning</b>		This output combines the former Heritage Protection and Planning, Urban Design and Housing Affordability outputs from the 2008-09 output structure.
Complete annual Urban Development Program analysis of supply, demand and adequacy of residential and industrial land	New performance measure introduced in 2009-10 replacing the 2008-09 measure 'Urban Development Program (UDP)' and 'UDP prepared'.	The 2009-10 performance measure is the same as the 2008-09 measure except for additional wording included and measures the same activity as per the performance measure in 2008-09.
Co-ordination and implementation of Victoria's Heritage Strategy	New performance measures introduced in 2009-10.	New performance measure introduced as a result of a departmental review to ensure that the Department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs.
Development Assessment Committees (DACs) established in priority activity centres to make decisions on significant development applications		
Implement program leading to development of regional land use plans (RLUP) as part of overall Government regional planning initiative		
Places or objects assessed for the Victorian Heritage Register		
Changes made to Victoria's zoned land consider formal capacity assessments and constraints and incorporate local government, stakeholder and community consultation programs		
Establish boundaries for five activity centres and development frameworks which take into account input from councils, the department and the community, and advice from the advisory committee		
Regional stakeholders effectively engaged in informing and shaping contents of RLUP		
DACs established in Camberwell, Coburg, Doncaster Hill, Central Geelong and Preston by December 2009		
Government response to Expert Group recommendations for the Future Farming Strategy report completed by May 2010		
Heritage grant payments are made within the timeframe specified in the terms and conditions of the funding agreements		
Owners notified of accepted nominations to the Victorian Heritage Register within 14 days		
Regional UDP Pilot Projects underway		

## Report on the 2009-10 Budget Estimates

Performance measure	Status	Reason
Review of the Planning and Environment Act 1987 to ensure the Act responds to contemporary planning issues and simplifies current requirements completed by 30 December 2009		
Two RLUPs are commenced by December 2009		
Development facilitation priority projects considered	New performance measure introduced in 2009-10 replacing the 2008-09 measure 'Development facilitation of priority projects'.	This performance measure has been reworded as a result of a departmental review. The 2009-10 Target has been increased to reflect the government's commitment to development facilitation of priority projects.
Development of model to support housing growth requirements in Metropolitan region	New performance measure introduced in 2009-10 replacing the 2008-09 measure 'Metropolitan councils housing growth requirements established'.	This performance measure has been reworded as a result of a departmental review.
Central Activities District projects delivered against agreed project implementation plans	New performance measure introduced in 2009-10.	New performance measure introduced in 2009-10 to reflect the Government's commitment to the Central Activities District projects.
Creating Better Places and Expert Assistance Program funding committed to eligible projects	New performance measure introduced in 2009-10.	New performance measure introduced in 2009-10 to reflect the Government's commitment to the Creating Better Places and Expert Assistance program.
Housing Lots with zoning completed within Growth Areas	2008-09 performance measures discontinued in 2009-10.	This performance measure has been discontinued as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs. The performance measure is currently reported on annually in the Urban Development Program Report.
10 year zoned land supply available within the Urban Growth Boundary for residential and employment purposes		
Proportion of Precinct Structure Plans (PSPs) completed in accordance with adopted process		
PSPs completed in accordance with agreed timetable		
Completion of analysis of residential and industrial land stocks for UDP Report		
Number of property transactions assessed by the Government Land Monitor for compliance with Government Policy	2008-09 performance measures discontinued in 2009-10.	This performance measure has been discontinued as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs. The service is currently monitored and reported on via internal performance management processes.
User satisfaction with training and development under the PLANET program		
Advice to Government on policy issues to facilitate informed decision making – response within required timeframe		
Approved amendments gazetted within eight working days of approval		
Number of Transit Cities in which project/works are being undertaken	2008-09 performance measures discontinued in 2009-10.	This performance measure has been discontinued as it is no longer appropriate due to the designation of Central Activity Districts in Melbourne @ 5 Million.
Transit Cities project/works delivered in accordance with agreed plans		
Transit Cities projects progressed in accordance with agreed timelines		

**Appendix 1: Department of Planning and Community Development**

<b>Performance measure</b>	<b>Status</b>	<b>Reason</b>
Produce annual permit activity report	2008-09 performance measure discontinued in 2009-10.	This performance measure has been discontinued as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs. The service is currently reported on annually and posted on the DPCD website.
Government property transactions comply with Government policy	2008-09 performance measures discontinued in 2009-10.	This performance measure has been discontinued as the current and ongoing performance measures adequately measure planning efficiency.
Strategic Planning program in place on agreed time frame		
Planning for Sustaining Communities meets councils' infrastructure programming requirements		
Planning for Sustaining Communities meets councils' strategic planning performance requirements		
Establish regional housing targets for regions and for local governments within regions	2008-09 performance measures discontinued in 2009-10.	This performance measure is no longer relevant as the target was annual and was met in 2008-09.
Negotiation with remaining local council to implement housing supply capacity targets		
Planning Permits issued within statutory timelines	2008-09 performance measure discontinued in 2009-10.	This performance measure has been discontinued as the service is currently reported on annually in the Planning Permit Activity Report.
<b>Heritage Protection</b>		This output has been consolidated into the new 2009-10 output titled 'Planning'.
Heritage permit approvals (including exemption approvals)	2008-09 performance measures discontinued in 2009-10.	This performance measure has been discontinued as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs. The service is currently monitored and reported on via internal performance management processes.
Number of volunteer projects undertaken on heritage places or collections		
Number of heritage studies published or disseminated within the community	2008-09 performance measures discontinued in 2009-10.	This performance measure has been discontinued as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs.
Number of local authorities providing a heritage advisory service to the community		
Non-contested heritage place listings		
Funding for heritage restoration projects committed against agreed budgets		
Heritage Advisor program meets agreed budget timelines		
<b>Seniors and Veterans</b>		
Restoring Community War Memorials Grants: projects approved	New performance measure introduced in 2009-10 replacing the 2008-09 measure 'Restoring Community War Memorials Grants: number approved'.	The 2008-09 performance measure has been reworded a result of a departmental review.

## Report on the 2009-10 Budget Estimates

Performance measure	Status	Reason
Commemorative and educative projects that meet or exceed agreed outcomes	New performance measure introduced in 2009-10 replacing the 2008-09 measure 'Commemorative and educative initiatives for which satisfactory reports have been received'.	The 2009-10 performance measure is the same as the 2008-09 measure but has been reworded to focus on agreed outcomes.
Number of Veteran community events	2008-09 performance measures discontinued in 2009-10.	This performance measure has been discontinued as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs.
Funded projects for which satisfactory reports have been received		
<b>Sport and Recreation Development</b>		
Community Facility Grants: number approved	New performance measure introduced in 2009-10 replacing the 2008-09 measures 'Community Sporting Facility Grants: number approved' and 'Country football/netball grants: number approved'	These performance measures have been consolidated and replaced as a result of a departmental review.
Key Sport and Recreation organisations undertaking projects or activities, or providing services or strategic advice	New performance measure introduced in 2009-10 replacing the 2008-09 measures 'Community sport and recreation organisations undertaking projects/activities' and 'Key industry organisations providing strategic advice to Government'.	These performance measures have been consolidated and replaced as a result of a departmental review.
Projects related to state level facilities in progress	New performance measure introduced in 2009-10 replacing the 2008-09 measures 'State level facilities: under design or construction' and 'State level facilities: under investigation'.	These performance measures have been consolidated and replaced as a result of a departmental review.
Completion of an approved business plan and ongoing operational and budget reports for each event	New performance measure introduced in 2009-10 replacing the 2008-09 measures 'Completion of ongoing operational and budget reports for each event' and 'Delivery of an approved business plan for each event incorporating appropriate operational, marketing plan and financial information'.	These performance measures have been consolidated and replaced as a result of a departmental review.
Commencement of urgent capital works at State Sports Centres Trust's facilities	New performance measure introduced in 2009-10.	Introduced in 2009-10 to reflect the Government's commitment to sporting facilities and the status of this project. Follows on from the 2008-09 measure 'Site establishment works commenced at Lakeside Oval'.
Construction continuing at the State sports facility project in Albert Park	New performance measure introduced in 2009-10.	Introduced in 2009-10 to reflect the Government's commitment to improving major sporting precincts.
Rectangular Pitch Stadium - Completion of works	New performance measure introduced in 2009-10 replacing the 2008-09 measure 'Rectangular Sports Stadium – Completion of structural work and commencement of seating works'	Introduced in 2009-10 to better reflect the progress of this project.
Number of VFL ground projects commenced	2008-09 performance measure discontinued in 2009-10.	This performance measure has been discontinued as VFL projects have commenced.

**Appendix 1: Department of Planning and Community Development**

<b>Performance measure</b>	<b>Status</b>	<b>Reason</b>
Commencement of MCG concourse extension works	2008-09 performance measure discontinued in 2009-10.	This performance measure has been discontinued as the extension works have been completed.
Completion of business case for the refurbishment of Melbourne Park	2008-09 performance measure discontinued in 2009-10.	This performance measure has been discontinued as the business case is completed.
<b>Women's Policy</b>		
Funded projects that meet or exceed project outcomes	New performance measure introduced in 2009-10.	Introduced in 2009-10 as a result of the internal review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs.
User Satisfaction with Diversity Register		
Number of consultations held	2008-09 performance measures discontinued in 2009-10.	This performance measure has been discontinued as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs.
Client satisfaction with advice provided		
Women's Safety Strategy delivered against performance target	2008-09 performance measure discontinued in 2009-10.	This performance measure has been discontinued as the Women's Safety Strategy 2002-07 has now concluded. A State Plan to prevent violence against women is currently being developed. Performance measures will be developed under the State Plan for future funding.
<b>Youth Affairs</b>		
Number of organisations funded through Youth Participation and Access Program and Mentoring and Capacity Building Initiative	New performance measure introduced in 2009-10 replacing the 2008-09 measure 'Youth Participation and Access Program Grants'.	New performance measure replaces the 2008-09 performance measure and incorporates the number of organisations funded through the Mentoring and Capacity Building Initiative.
FReeZA metropolitan grants: number approved	2008-09 performance measures discontinued in 2009-10.	This performance measure has been discontinued as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs. It is reported on the Annual Youth Report.
FReeZA rural and regional grants: number approved		
Regional Youth Affairs Networks		
Schools participating in the Advance Youth Development Program		
Youth Participation and Access Program grants	2008-09 performance measure discontinued in 2009-10.	This performance measure has been discontinued as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs.
Youth Participation and Access Program: Grants paid against milestones of funding agreements		
<b>Neighbourhood Houses and Men's Sheds</b>		This output has been consolidated in to 2009-10 to form part of the 'Community Development' output.
Hours of activities funded through the Neighbourhood House Coordination program	2008-09 performance measure discontinued in 2009-10.	These performance measures have been discontinued as a result of a departmental review to ensure that the department's 2009-10 performance measures are better aligned and appropriately allow for the assessment of the department's production and delivery of outputs.
Men's Shed Program grants: number approved	2008-09 performance measure discontinued in 2009-10.	
Neighbourhood House capital grants: number approved	2008-09 performance measure discontinued in 2009-10.	
Men's Shed program: grants paid against milestones of funding agreements	2008-09 performance measure discontinued in 2009-10.	These performance measures have been combined with other grants related measures and are reported under the 2009-10 'Community Development' output.
Neighbourhood House program: grants paid against milestones of funding agreements	2008-09 performance measure discontinued in 2009-10.	

**(27) Question**

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2008-09 and the target for 2009-10, please provide the reasons for the variance.

**(27) Response**

Major Outputs/Deliverables Performance Measures	Unit of Measure	2009-10 Target	2008-09 Expected Outcome	2008-09 Target	2007-08 Actual	Reason for variance
<b>Indigenous Community and Cultural Development</b>						
<b>Quality</b>						
Proportion of Indigenous community organisations receiving funding from multiple departments on a single funding agreement	per cent	15	10	10	5	The target for this measure will increase to 15 per cent for 2009-10 as departments progressively use single funding agreements for funding of Indigenous community organisations.
<b>Planning</b>						
<b>Quantity</b>						
Development facilitation priority projects considered	number	50	40	40	40	The 2009-10 Target has been increased to reflect the government's commitment to development facilitation of priority projects.
Research bulletins on population projections and residential land published	number	5	8	8	13	The 2009-10 Target has been reduced from the previous year as it no longer includes the general research publication, Research Matters. This quarterly publication has been replaced by the annual Population Bulletin that is more targeted.
<b>Seniors and Veterans</b>						
<b>Quantity</b>						
Spirit of ANZAC Schools Competition: number of entries received	number	200	132	>200	183	The 2008-09 Expected Outcome is lower than the Target due to a limited uptake of applications for the Spirit of ANZAC prize. This will be addressed through increased and enhanced direct marketing in 2009-10.
<b>Sport and Recreation Development</b>						
<b>Quantity</b>						
Combat sports licences, registrations and permits issued	number	400-500	450	400	468	The 2008-09 Expected Outcome exceeds the Target due to additional boxing and combat sport events and competitions.
Major events facilitated	number	10-12	15	8-10	10	The 2008-09 Expected Outcome exceeds the Target due to additional events won by the Victorian Major Events Company. The 2009-10 Target reflects a higher expected number of events.
<b>Youth Affairs</b>						
<b>Quantity</b>						
FReeZA: event attendance	number	130 000	145 000	130 000	150 664	The 2008-09 Target has been exceeded due to a greater than expected number of young people participating in larger community festivals.



**Appendix 1: Department of Planning and Community Development**

<b>Major Outputs/Deliverables Performance Measures</b>	<b>Unit of Measure</b>	<b>2009-10 Target</b>	<b>2008-09 Expected Outcome</b>	<b>2008-09 Target</b>	<b>2007-08 Actual</b>	<b>Reason for variance</b>
Young people participating in the Advance Youth Development Program	number	10 000-10 250	14 129	10 000-10 250	13 509	The 2008-09 Target has been exceeded as more young people participated in the program than the number of young people for which funding was provided.
Youthcentral website total page impressions	number ('000)	1 400-1 600	1 700	1 200-1 400	1 670	The 2008-09 Target has been exceeded and therefore increased for 2009-10 as it is expected there will be continued growth in the popularity of the youthcentral website due to the success of the sites search engine optimisation and strong general growth in the use of the internet by young people.

**Staffing matters**

**(28) Question**

Please fully complete the table below, providing actual EFT staff numbers at 30 June 2008 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2009 and 30 June 2010 for the department and its major budget funded agencies.

**(28) Response**

**Employment — Equivalent full-time staff**

Classification	30 June 2008 (Actual) (EFT)					30 June 2009 (Estimate) (EFT)					30 June 2010 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Secretary		1	0	0	1	0	1	0	0	1	0	1	0	0	1
Executive Officer Grade 2		13	0	0	13	0	15	0	0	15	0	13	0	0	13
Executive Officer Grade 3		22	0	0	22	0	21	0	0	21	0	25	0	0	25
STS	3.6	2	0	0	5.6	3	3	0	0	6	3	3	0	0	6
Principal Scientist	1		0	0	1	1	0	0	0	1	1	0	0	0	1
Grade 6	165.6	17.4	0	0	183	189.8	31.8	0	0	221.6	189.8	37.8	0	0	227.6
Grade 5	239.4	36.3	0	0	275.7	258.6	55.8	0	0	314.4	258.6	69.8	0	0	328.4
Grade 4	181.9	49.6	0	0	231.5	180.5	60.9	0	0	241.4	180.5	68.9	0	0	249.4
Grade 3	126.1	32.4	0	0	158.5	138.5	24.8	0	0	163.6	140.5	25.8	0	0	166.3
Grade 2	45.9	13.6	0	0	59.5	57.1	6.4	0	0	63.5	57.1	6.4	0	0	63.5
Grade 1		2.2	0	0	2.2	0	0.8	0	0	0.8	0	0.8	0	0	0.8
Ministerial Chauffeurs	3		0	0	3	3	0	0	0	3	3	0	0	0	3
Indigenous Cadets		2	0	0	2	0	2	0	0	2	0	0	0	0	0
<b>Total</b>	<b>766.5</b>	<b>191.5</b>	<b>0.5</b>	<b>0</b>	<b>958.5</b>	<b>831.5</b>	<b>222.5</b>	<b>0</b>	<b>0</b>	<b>1054</b>	<b>833.5</b>	<b>251.5</b>	<b>0</b>	<b>0</b>	<b>1085</b>

\* **Funded Vacancies:** The Department is unable to provide data on 'funded vacancies' as no such category exists. Section 20 of the Public Administration Act 2004 devolves authority for employment to Secretaries, who may engage staff as required to exercise the Department's functions. A position does not become vacant but rather ceases, with the departure of its incumbent, and the Secretary at his discretion, may not choose to engage another person to undertake the same or other duties depending on the needs of the Department.

## 1.7 Department of Premier and Cabinet

### ***Budget preparation***

#### **(1) Question**

What are the key budget themes underpinning the development of the budget that relate to your Department?

#### **(1) Response**

The key budget themes are:

- Government priorities;
- bushfire recovery;
- intergovernmental and National Reform Agenda;
- continuing the delivery of core services in relation to policy advice, the arts and cultural sector, multicultural affairs, and climate change; and
- strengthening organisational capability and efficiencies.

#### **(2) Question**

What impact have developments at the Commonwealth level, including initiatives under the COAG Reform Agenda, had on preparing the Department's component of the 2009-10 State budget?

#### **(2) Response**

There has been no direct impact on the departmental budget other than recognition of the continued importance of policy advice to the Premier, and Victoria's input into the National Reform Agenda and Commonwealth climate change policy.

#### **(3) Question**

Please list the key assumptions (up to five) that have been used to develop the Department's projections for 2009-10.

#### **(3) Response**

The key assumptions that are being used to develop the Department's budget projections for 2009-10 are that:

- service delivery requirements will be maintained despite the imposition of significant savings;
- a high demand for policy advice and input into the Intergovernmental and National Reform Agenda will continue;
- resources will be provided to assist the 2009 Victorian Bushfires Royal Commission and the Victorian Bushfire Reconstruction and Recovery Authority;
- the Victorian Multicultural Commission has transferred from DPCD to DPC; and
- efficiencies be pursued.

#### **(4) Question**

- a) What are the key risks relating to the budget estimates and the economic forecasts (please quantify these where possible)?
- b) How have these risks been managed?

- c) Please describe the economic or key external factors that pose the greatest risk to the Department meeting its budget for 2009-10.
- d) How have these matters been addressed in framing the 2009-10 budget for your Department?

**(4) Response**

- a) DTF to provide a whole-of-government response.
- b) DTF to provide a whole-of-government response.
- c) The key economic and external factors that pose the greatest risk to the Department meeting its 2009-10 budgets are:
  - Efficiency savings; and
  - Victorian bushfire recovery.
- d) Response below:
  - Efficiency savings – additional savings of \$3.638M included
  - Victorian bushfire recovery – funding for the Victorian Bushfire Reconstruction and Recovery Authority’s administrative and operating costs have been provided.

**(5) Question**

How has the Department ensured that its budget for 2009-10 is reliable in terms of being:

- affordable;
- deliverable; and
- fiscally sustainable?

**(5) Response**

The Department undertakes a rigorous internal process that ensures that its budget is deliverable and sustainable. Current programs and initiatives are reviewed to highlight areas for improvements and to ascertain areas where reprioritisation of funds is required. New initiatives involve the development of detailed business cases that investigate implementation issues, risks and impacts.

**(6) Question**

In relation to each of the Department’s three largest budget initiatives for 2009-10 in terms of funding:

- a) What were the broad choices in terms of service delivery and relevant policy options that the Department was confronted with at the budget development stage;
- b) What were the costings of each policy option?
- c) Please explain the linkages to the areas identified in the Annual Statement of Government Intentions released by the Government in February 2009.

**(6) Response**

- a) DPC considers the policy options considered during budget development to be Cabinet-in-Confidence. All budget initiatives are considered in the context of the Government’s commitment to delivering efficient government services.
- b) DPC considers the costings of different policy options considered during budget development to be Cabinet-in-Confidence. All budget initiatives are considered in the context of the Government’s commitment to delivering efficient and value-for-money government services.
- c) Some new budget initiatives for DPC in 2009-10 relate to the maintenance of Victoria’s cultural assets. The Cultural Arts Maintenance Fund and Geelong Performing Arts Centre Redevelopment funding will both ensure that these cultural facilities are maintained at appropriate levels.

Other major budget initiatives for the Department in 2009-10 include:

- Continuation of the Office of Climate Change, which relates to section 17 of the Annual Statement of Government Intentions; and
- the Community Harmony, and Refugee Action Program funding, which are linked to section 10.8 of the Statement.

**(7) Question**

What programs, if any, have been deferred to future years to reduce financial pressures on the budget and achieve targeted budget surpluses?

**(7) Response**

DTF to provide a whole-of-government response.

**Asset funding**

**(8) Question**

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2009-10, including each project's TEI. Please include the budget allocation for each.

**(8) Response**

	<b>2009-10 budgeted expenditure</b>	<b>TEI</b>
Cultural Asset Maintenance Fund	\$5.00m	\$21.5m
Geelong Performance Arts Centre Redevelopment	\$2.00m	\$3.00m
Government House Sustainability: Energy Management	\$0.30m	\$0.30m
Public Record Office Victoria – Support Plan	\$2.2m	\$7.1m
Southbank Cultural Precinct Redevelopment	\$18.00m	\$128.50m
Victorian Archive Remedial Works	\$2.00m	\$3.4m

**(9) Question**

What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the Department's responsibilities?

**(9) Response**

The Department will continue to assist informed decision-making by Government by providing high-level strategic policy advice and analysis in relation to whole-of-government infrastructure issues in Victoria.

Specific challenges facing the arts portfolio include:

- asset renewal, facilities management and operating maintenance pressures;
- compliance with legislation (OH&S, DDA, Fire and Emergency etc);
- climate change and environmental sustainability and design;
- population and urban growth; and
- increased visitation and use.

**(10) Question**

Has the Department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the Department's operations? If so, please provide details of the findings.

**(10) Response**

DPC will continue to review infrastructure demand and needs annually as it develops its annual service delivery and asset strategies. This process identifies strategic asset needs, and areas of increase demand being experienced or projected. This constant review is undertaken as part of the Asset Management Framework and has Ministerial endorsement.

**(11) Question**

In relation to the unapplied output and asset funding carried forward to 2009-10, please provide:

- a breakdown of the carried forward funding for both output and asset initiatives;
- the underlying reasons for the Department's funding carryover for each category; and
- the intended revised timing for use of the carried forward funds, including project specific details for asset initiatives.

**(11) Response**

- Departments can apply to carry forward up to 3% of their recurrent budget. Carry forward in relation to the capital program is usually determined on individual projects. A final output carry forward amount is not finalised until the end of the financial year, therefore at this stage no precise figure has been formalised.
- The provision of Output carryover funding is for specific outputs not delivered in the 2008-09 financial year. In relation to ATNAB carryovers the funding has been carried over to enable the progression of capital projects which have either been delayed, or have had revised cash flow estimates.
- Carryovers for both categories of expenditure are expected to be fully utilised in 2009-10 financial year.

***Efficiencies, savings and productivity improvement***

**(12) Question**

In relation to the estimated efficiencies to be derived in 2009-10 (including from the various measures that fall under the umbrella of the Efficient Government policy and the other targeted initiatives, please provide:

- a) a breakdown of all planned efficiency savings for 2009-10 according to the various measures of efficiency that apply to the Department's operations as identified in the 2007-08 and 2008-09 Budgets, and in new measures introduced in the 2009-10 Budget;
- b) an explanation of:
  - how decisions regarding applicable savings measures are to be made;
  - the nature of their expected impact on programs, for example, programs expected to be accelerated, deferred or discontinued; and
  - the basis for estimating the savings target to be achieved for each measure;
- c) particulars of any changes to the Department's allocated savings for 2009-10 from the data shown in the 2007-08 and 2008-09 Budgets; and
- d) a description of any areas earmarked for productivity improvement in 2009-10.

**(12) Response**

- a) The 2009-10 efficiency saving applied to DPC is \$3.638M, being \$3.0M ongoing General Efficiency savings beginning 2009-10, and \$0.638M Efficient Government Savings incremental increase from 2008-09.

- b) The disaggregation of these savings across the Department has been completed giving consideration to fixed and variable costs, past trends, budget capacity and expenditure which is required to achieve the Department's required outcomes. Service delivery and program delivery requirements will be maintained despite the imposition of these savings.
- c) As outlined in point (a) above.
- d) Whilst no specific areas are earmarked for productivity gains the Department will continue to support Whole of Government efficiency initiatives through shared services for IT, facilities and accommodation, carpool and library services.

## **Environmental challenges**

### **(13) Question**

- a) What are the key environmental issues that are predicted to have an impact on services delivered by the Department's portfolios in 2009-10?
- b) How have these issues been addressed in the Department's budget estimates for 2009-10?
- c) Please list up to five projects or programs worth over \$1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2008-09 and 2009-10 for existing projects if applicable).

### **(13) Response**

- a) The continuation of the Office of Climate Change for another two years addresses the need for central whole-of-government coordination of climate change policies. The Office of Climate Change will continue to support the Premier and Minister for Environment and Climate Change in pursuing a strategic agenda of addressing challenges and exploring the opportunities associated with climate change.
- b) The 2009-10 State Budget also allows provision for insulation to be installed in large sections of Government House to ensure it reduces energy consumption and its related impact on the environment. This project will also add to the iconic status of Government House by ensuring all sections of the building can be used during the entire year, without detracting from the heritage nature of the building.
- c) The Office of Climate Change was established in 2006 and has been extended at current funding levels for two years in the 2009-10 budget.

### **(14) Question**

What initiatives are planned by the Department in 2009-10 to enhance reporting of the mandatory and optional office-based environmental indicators identified in FRD 24C.

### **(14) Response**

DPC continues to monitor and report on office-based environmental indicators as part of its ongoing efforts to reduce consumption of water, energy, paper and fuel and production of waste.

A new water metering system has been implemented to measure the water consumption of separate buildings and systems across the Treasury Precinct. Data from this system will be accurately apportioned to the departments occupying these buildings. This information will be reported on for 2008-09 outcomes. An improved waste auditing methodology has been employed to provide more accurate data relating to the department's waste to landfill and recycling content.

## **Spending**

### **(15) Question**

Please outline any major expenditure policy shifts in 2009-10. In relation to these, please explain:

- the assumptions underpinning the policy decision;
- alternative scenarios considered; and
- fiscal effects.

### **(15) Response**

**Office of the Victorian Co-ordinator General** - In February 2009 COAG agreed to new oversight and coordination arrangements to ensure that the Nation Building and Job Plan stimulus was delivered efficiently and effectively. One of these requirements was the appointment of State Coordinators General to oversee implementation in the areas of social housing, building the education revolution, energy efficient homes and transport and infrastructure. The Victorian Coordinator General is located within DPC and funding is required to support the office's functions.

**Victorian Multicultural Commission** - On 1 January 2009 the Victorian Multicultural Commission (VMC) became an administrative office of DPC following a machinery of government transfer from the Department of Planning and Community Development (DPCD). DPC has negotiated a transfer of VMC funding from DPCD and the 2009-10 component is \$11.878M.

**Victorian Bushfire Reconstruction and Recovery Authority** - On 11 February 2009 the Victorian Bushfire Reconstruction and Recovery Authority became an administrative office of DPC. The Victorian Government, in partnership with the Commonwealth Government, established the Authority to coordinate bushfire recovery activity across Victoria. The funding provided in 2009-10 to support the Authority is currently \$12M. Final funding will be approved by ERC in the near future.

### **(16) Question**

What processes have been applied by the Department to ensure that new programs have been rigorously costed?

### **(16) Response**

The Department undertakes a rigorous internal process that ensures that its budget is deliverable and sustainable. Current programs and initiatives are reviewed to highlight areas for improvement, and to ascertain areas where reprioritisation of funds is required. New initiatives involve the development of detailed business cases that investigate implementation issues, risks and impacts.

### **(17) Question**

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2008-09 and the target for 2009-10 for individual outputs.

### **(17) Response**

The 2008-09 expected outcome for the Strategic Policy Advice and Projects output cost is higher than the 2009-10 target due to the inclusion of various costs associated with bushfire recovery including:

- the Victorian Government's contributions to the Bushfire Appeal Fund and Community Recovery Fund; and



- The Victorian Bushfire Reconstruction and Recovery Authority administration and clean up costs.

**(18) Question**

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2008-09 and the budget for 2009-10, please provide an explanation.

**(18) Response**

Not applicable to the Department of Premier and Cabinet

**(19) Question**

Please provide a tabular dissection of the Department's 2009-10 budget and expected expenditure for 2008-09 under the Government's key themes presented annually in the Victorian Budget Overview differentiating between new funding initiatives and ongoing funding.

**(19) Response**

The Department is unable to dissect its own 2009-10 budget and expected expenditure for 2008-09 into the Government's key themes as the department's structure is not designed around the key themes and expenditure is primarily allocated to outputs and may contribute to one or more key themes.

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

**(20) Question**

In terms of any major revenue policy changes contained in the 2009-10 budget relating to revenue generation, tax expenditures or concession and subsidies, please explain:

- the assumptions underlying the analysis;
- alternative scenarios considered; and
- the fiscal effect of any tax changes.

**(20) Response**

Not applicable to the Department of Premier and Cabinet

**(21) Question**

- a) In relation to 2009-10, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.
- b) Please outline the actual and expected financial impact in 2009-10 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the Department.

**(21) Response**

Not applicable to the Department of Premier and Cabinet

**(22) Question**

Please provide a listing of any revenue measures (taxation, fees, fines etc) or any concessions (or subsidies) where changes are more or less than the cost of living adjustment (include the value of such measures and the percentage change).

**(22) Response**

Not applicable to the Department of Premier and Cabinet

**(23) Question**

For the Department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2008-09 and the budget for 2009-10.

**(23) Response**

The Table below outlines the income in DPC's Operating Statement for 2008-09 and 2009-10:

DPC Comprehensive operating statement	Column 1	Column 2	Column 3
	08-09	09-10	Variation
	Revised	Budget	Column (2-1)/1
	(\$ million)	(\$ million)	(%)
Income from Transactions			
Output appropriations	534.1	532.4	-0.3%
Special appropriations	6.6	6.6	0.0%
Interest	3.2	3.7	16.8%
Sales of goods and services	41.0	41.1	0.2%
Grants	15.8	15.8	-0.6%
Fair value of assets and services received free of charge or for nominal consideration	21.4	0.4	-98.1%
Other income	55.5	38.4	-30.8%
<b>Total income from transactions</b>	<b>677.5</b>	<b>638.3</b>	

Variations of over 10% are due to the following:

- Interest – increase in interest received by National Gallery of Victoria due to significant increase in donations received and subsequently invested.
- Fair value of assets and services received free of charge or for nominal consideration – land received for the Melbourne Recital Centre (MRC) complex (\$21.0 million) in 2008-09
- Other income – Due to a contribution by Melbourne University towards the building of the Melbourne Theatre Company (MTC) complex (\$17.1 million) in 2008-09.

**Regional and rural considerations**

**(24) Question**

- What are the critical issues facing regional and rural communities in 2009-10 that depend on services provided by the department (please provide comment relating to particular areas of the State where applicable)?
- How does the Department's 2009-10 budget address these issues?

**(24) Response**

- Response below:

Arts agencies

- Access to quality arts programs that is equitable with urban populations and that contributes to the liveability of regional towns and cities.
- Maintenance of existing arts programs and infrastructure in regional areas against the backdrop of the current economic downturn and losses associated with the bushfires.

- Viability of professional arts touring activity in regional areas facing a decline in audience numbers through reduced discretionary spending capacity in rural/regional communities.

#### Multicultural Affairs

- Population growth and its impact on the provision of adequate support services and structures for refugee communities;

#### Victorian bushfire reconstruction and recovery

- Reconstruction and recovery activities in bushfire affected areas including:
- The clean-up of hazardous material;
- Housing construction and the establishment of temporary villages;
- Warehousing and logistics related to donated goods and services; and
- Community engagement.

#### b) Response below:

The budget seeks to address these issues through:

#### **Arts agencies**

*Local Partnerships Program* – supporting delivery of professional arts programs through Local Government owned and operated art galleries and performing arts centres situated in most major regional centres across the State. The program acts as an incentive for these facilities to present a high quality, diverse program of arts product and activity and to be active participants in the touring network.

*Touring Victoria* – supporting development of arts programs and product specifically for presentation in regional Victoria. It provides financial investment for producing companies and organisations and assistance for presenting venues to cover areas such as revenue shortfalls and indemnification insurance costs.

*Geelong Performing Arts Centre* – continued support for the Centre at current levels and a capital injection of \$3m to fund the upgrade of Ford Theatre and associated rehearsal spaces.

#### **Multicultural Affairs**

*Funding for the Refugee Community Action Program* will address the issue of population growth's impact on refugee communities through funding regional areas in Victoria to work with local refugee communities, service providers and the wider community.

#### **Victorian bushfire reconstruction and recovery**

*Continuation of Victorian Bushfire Reconstruction and Recovery Authority* – Clean-up of hazardous material in bushfire affected areas.

**(25) Question**

Please provide a table showing for up to five of the Department's largest projects (in terms of expenditure) benefiting regional and rural Victoria the:

- budget allocation for 2009-10 dissected between new and existing projects;
- the purpose of each project;
- how the funding is to be spent; and
- the performance measures in place to assess performance.

**(25) Response**

Budget allocation	Purpose of project	How funding spent	Performance measures
<p>New \$24 million: \$12 million recurrent for VBRA administrative activities \$12 million recurrent funding for clean-up activities</p>	<p>Victorian bushfire reconstruction and recovery Program funding to support VBRA administration and the clean-up of hazardous materials to ensure a safe and healthy environment for residents returning to bushfire affected areas.</p>	<p>VBRA funding provided to Commonwealth, State and Local governments and community organisations to assist in their response to the Victorian bushfires. Payments to Grocon to clean-up hazardous material in affected areas.</p>	<p>Budget Paper 3 performance measure: Output: Strategic Policy Advice and Projects Measure: Bushfire recovery projects completed within specified timelines; and advice provided to government about the bushfire reconstruction and recovery process within agreed timelines.</p>
<p>Existing \$ 3.2 million: \$1.7 million from recurrent budget plus \$1.5 million p.a. from Moving Forward initiative until 2010</p>	<p>Local Partnerships Program Negotiated incentive funding program for local government to support 17 regional art galleries and performing arts programs in over 38 performing arts centres and other venues.</p>	<p>Payments to local government to support programs offered in their galleries and performing arts centres. Delivered through Memoranda of Understanding with 20 participating councils in regional Victoria (to be extended to a further 2 regional Councils in 2009-10).</p>	<p>Service delivery goals and specific targets agreed in MoU; face to face annual review (performance audit) with each council, financial accountability linked with council's statutory reporting requirements.</p>
<p>Existing \$1.81 million: \$0.81 million from recurrent budget; \$0.5 million from CSF and \$0.5 million from Moving Forward initiative until 2010</p>	<p>Touring Victoria - a cross-art-form funding program that enables access to professional artistic and cultural experiences for communities in outer-metropolitan, regional and rural Victoria and extends the life of performances, exhibitions and programs.</p>	<p>Grant funding for artists and arts organisations to tour performances and exhibitions in regional and outer-metropolitan Victoria. Support for venues through a Guarantee Against Loss and an Exhibitions Indemnification scheme.</p>	<p>Budget Paper 3 performance measure: Output: Arts Development and Access Measure: Access to a diverse range of supported projects: number of regional touring destinations.</p>
<p>Existing \$0.8 million recurrent \$3m capital for upgrade of Ford Theatre and associated rehearsal spaces</p>	<p>Geelong Performing Arts Centre Annual allocation to support operation of GPAC in delivering programming and community engagement activities</p>	<p>Annual funding to present an active and diverse performing arts program, including inbound professional product, and deliver a range of public programs that foster, encourage and support community engagement with the performing arts.</p>	<p>Budget Paper 3 performance measure: Output: Arts portfolio agencies Capital Output – Creating Place and Space</p>

## **Performance measures**

### **(26) Question**

Please provide the rationale for any change in performance measures presented in the budget papers for 2009-10 (including new and discontinued measures).

### **(26) Response**

#### **State Services Authority**

The two 'Satisfaction of Public Sector Standards Commissioner with the application of the employment principles across the sector' measures will be discontinued in 2009-10 as the public sector survey used to gather responses will not be undertaken in 2008-09 or 2009-10. A more comprehensive survey is currently being developed to produce more meaningful data for continuous improvement in this area, and related performance measures will be introduced in 2010-11.

#### **Arts and Cultural Development**

The Arts Development and Access timeliness measure 'Performance and grant agreements acquitted within 90 days of project completion' has been amended to 'Performance and grant agreements acquitted within timeframes specified in the funding agreement' so that the timing of statutory reporting requirements for project companies and output performance reporting requirements are aligned.

The Creating Space and Place quantity measure 'Major projects managed' has been discontinued and replaced with 'State owned cultural facilities maintained to meet service and statutory standards' to more accurately reflect the work of Arts Victoria in maintaining cultural assets.

#### **Victorian Multicultural Commission**

The Victorian Multicultural Commission recently transferred to DPC as part of a machinery of government transfer from DPCD. To accommodate this transfer a new output, Multicultural Affairs, has been created with a number of performance measures that mirror those used as part of the DPCD outputs in previous budget papers.

#### **Victorian Bushfire Reconstruction and Recovery Authority**

Two performance measures have been developed to coincide with the establishment of the Victorian Bushfire Reconstruction and Recovery Authority.

- Delivery of bushfire reconstruction and recovery projects within agreed timelines; and
- Advice provided to government about the bushfire reconstruction and recovery process within agreed timelines.

These measures have been included in the Strategic Policy Advice and Projects output.

**(27) Question**

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2008-09 and the target for 2009-10, please provide the reasons for the variance.

**(27) Response**

<b>Output</b>	<b>Performance measure</b>	<b>Variance comment</b>
Strategic Policy Advice and Projects	Policy briefs prepared	The number of briefs is higher than target, reflecting the current high demand for advice. The target will be increased incrementally to demonstrate productivity gains.
Government Information Services and Support	Communication activities/products reviewed by the Government Communications Review Group (GCRG)	The 2008-09 expected outcome is higher than the target due to the introduction of a new communications approval process which now also includes public entities and special bodies.
Government Information Services and Support	Develop communications resource products, standards and guidelines in response to identified Government requirements	The 2008-09 expected outcome is higher than the target due to the introduction of a new communications approval process which now also includes public entities and special bodies. The additional communications resource products were required to provide guidance on the new processes and revised guidelines.
State Services Authority	Referred reviews underway or completed, aimed at improving service delivery, governance, and/or public administration efficiency and effectiveness	A larger number of reviews than expected were referred to the State Services Authority from Ministers and departmental Secretaries in 2007-08 and 2008-09, which were either underway or completed in 2008-09.
State Services Authority	Formal events and activities delivered across the public sector that promote values and employment principles; effective workforce planning and development; good governance in public sector entities; and effectiveness in public administration	The demand for presentations and seminars continues to be high. This reflects the Authority's ongoing engagement with stakeholders in the development and refinement of products.
Ombudsman Services	Finalise consideration of cases including general, Freedom of Information and Whistleblower complaints	The number of cases continues to increase, which is in line with trends over the past 4 years. Additional funding has been provided in the 2009-10 budget to manage this increase in workload. Consideration will be given to increasing the target accordingly in 2010-11 once the number of cases is expected to have stabilised.
Ombudsman Services	Internal reviews of complaint investigations conducted at the request of the complainant	Fewer internal reviews than expected were requested by complainants in the first half of 2008-09, reflecting the high quality of advice provided by the Office of the Ombudsman.

## Staffing matters

### (28) Question

Please fully complete the table below, providing actual EFT staff numbers at 30 June 2008 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2009 and 30 June 2010 for the department and its major budget funded agencies.

### (28) Response

Employment - Equivalent full-time staff

Classification	30 June 2008 (Actual) (EFT)					30 June 2009 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Secretary	1.00	0.00			1.00	1.00				1.00
EO-1	0	0.00			0.00	2				2
EO-2	12.4	0.00			12.40	11.6				11.6
EO-3	15.3	0.00			15.30	15.00				15.00
Grade 7	3	1			4.00	5.80				5.80
Grade 6	51.4	6			57.40	47.00	4.00			51.00
Grade 5	55.36	7.24			62.60	57.86	5.00			62.86
Grade 4	64.35	12.6			76.95	62.85	6.50			69.35
Grade 3	55.84	12			67.84	57.80	8.40			66.20
Grade 2	26	7.8			33.80	18.21	7.61			25.82
Grade 1	1	1.1			2.10	1.00	2.00			3.00
Legal Officer	7.00	0.00			7.00	11.20				11.20
Driver	19.00	0.00			19.00	17.00				17.00
Casual	0.00	0.00	1.62		1.62			5.03		5.03
<b>Total</b>	<b>311.65</b>	<b>47.74</b>	<b>1.62</b>	<b>0.00</b>	<b>361.01</b>	<b>308.32</b>	<b>33.51</b>	<b>5.03</b>	<b>0.00</b>	<b>346.86</b>

This includes Division:

- Arts Victoria;
- DPC Executive;
- Govt & Corporate Group;
- NRT/OCC;
- Policy & Cabinet; and
- Victorian Coordinator General.



Does not include:

- Portfolio Agencies;
- Office of the Premier;
- Ministerial & Parliamentary; and
- Ministers.

DPC's 2010 FTE staff forecast is for growth no greater than of 1per cent per annum.



## 1.8 Department of Primary Industries

### ***Budget preparation***

#### **(1) Question**

What are the key budget themes underpinning the development of the budget that relate to your Department?

#### **(1) Response**

Key themes in regards to the development of the Department's 2009-10 Budget are:

- Securing the future of farming; and
- Responding to climate change challenges.

Securing the future of farming

The Future Farming strategy was released on 23 April 2008. In line with the objectives of this Statement, the Department's 2009-10 Budget contains funding across a number of initiatives which aim to reshape and strengthen services so that farm businesses and rural communities are equipped to anticipate and manage change, increase productivity and competitiveness and gain access to new markets.

Responding to climate change challenges

Through funding allocated in the 2008-09 State Budget (Future Energy I and Future Energy II initiatives), the Department's 2009-10 budget provides for continued implementation of a suite of measures to ensure Victoria is well placed to meet the challenges and opportunities presented by climate change including advancing developments in sustainable energy and carbon capture and storage systems for the more sustainable use of Victoria's brown coal resources.

Funding is also allocated in 2009-10 to facilitate the development of a new large scale solar power station in Victoria. The project will deliver low emissions electricity to run up to 50 000 homes and diversify Victoria's renewable energy supply. Funding allocated in the short term will enable DPI to undertake project management activities, including a tender evaluation process.

#### **(2) Question**

What impact have developments at the Commonwealth level, including initiatives under the COAG Reform Agenda, had on preparing the Department's component of the 2009-10 State budget?

#### **(2) Response**

Funding provided in the 2009-10 Budget for the National Energy Market Reform initiative provides additional funding for Victoria's input to the COAG Ministerial Council on Energy (MCE) and Australian Energy Market Commission (AEMC).

The MCE is the national policy and governance body for the Australian energy market as outlined in the COAG Australian Market Agreement (AEMA). This funding allows Victoria to continue to meet its obligations under the AEMC funding agreement and to contribute to the work of the MCE's national energy market development program as agreed by COAG.

The release of the Commonwealth Budget on 12 May 2009 may further impact on the Department's 2009-10 budget however outcomes are not known at this time.

**(3) Question**

Please list the key assumptions (up to five) that have been used to develop the Department's projections for 2009-10.

**(3) Response**

The key assumptions that have been used to develop the Department's budget projections for 2009-2010 are as follows:

- Budget escalation factor as applied by the Department of Treasury and Finance;
- New initiatives endorsed and announced in the 2009-10 Budget;
- Implementation of savings announced in the Budget;
- Staffing levels within the Department; and
- Priorities as outlined in DPI's 2008-2011 Strategic Plan (which remain current).

**(4) Question**

- a) What are the key risks relating to the budget estimates and the economic forecasts (please quantify these where possible)?
- b) How have these risks been managed?
- c) Please describe the economic or key external factors that pose the greatest risk to the Department meeting its budget for 2009-10.
- d) How have these matters been addressed in framing the 2009-10 budget for your Department?

**(4) Response**

- a) The Department of Treasury and Finance will provide a whole of government response.
- b) The Department of Treasury and Finance will provide a whole of government response.
- c) Increased Climatic and/ or Biosecurity impacts and a reduced industry funding capacity will pose a risk to the Department meeting its budget for 2009-10.
- d)
  - Energy and Biosecurity Strategies are being developed;
  - State and Commonwealth partnerships are continuing to be utilised; and
  - Based on evaluation reviews, levels of co-investment or fee for service activities have been aligned to anticipated capacity.

**(5) Question**

How has the Department ensured that its budget for 2009-10 is reliable in terms of being:

- affordable;
- deliverable; and
- fiscally sustainable?

**(5) Response**

The DPI Budget is developed in line with the resource allocation process of the Integrated Management Cycle (IMC). The IMC provides a continuous cycle of planning, resource allocation, service delivery and accountability.

All initiatives requiring funding are reviewed in terms of aligning with departmental policy and objectives, affordability and ability to be delivered within the proposed timelines. The Government's short to medium-term overall policy and financial strategy, and the Government's strategic direction and framework for the upcoming Budget are also take into consideration

DPI is also enhancing its investment framework across the Department which aligns with the DPI Strategic Plan. Through this process key projects comprising either a number of integrated projects or service agreements to deliver outcomes are identified. These key projects are assessed, approved and reviewed at investment and evaluation conferences involving the DPI Secretary, DPI senior management and selected external stakeholders.

**(6) Question**

In relation to each of the Department's three largest budget initiatives for 2009-10 in terms of funding:

- a) What were the broad choices in terms of service delivery and relevant policy options that the Department was confronted with at the budget development stage;
- b) What were the costings of each policy option?
- c) Please explain the linkages to the areas identified in the Annual Statement of Government Intentions released by the Government in February 2009.

**(6) Response**

The three largest initiatives funded through the 2009-10 ERC budget process for DPI are:

**National Energy Market Reform (\$8.8 million over 5 years)**

- a) This initiative provides funding to meet Victoria's share of the operating costs of the Australian Energy Market Commission and to support the work of the COAG Ministerial Council on Energy (MCE). This is an ongoing policy commitment in line with COAG agreements to which the Victorian Government is a signatory.
- b) Costings were determined in line with current COAG agreements and can be broken down in terms of the three key national energy funding commitments that this initiative will provide for:
  - \$0.72 million per annum for Victoria's share of the jurisdictional funding of the Australian Energy Market Commission (AEMC)
  - \$0.213 million per annum for Victoria's input to the COAG MCE
  - \$0.273 million in 2008-09 and \$0.988 million per annum from 2009-10 for DPI's share of Victoria's contribution to the MCE energy efficiency program.
- c) This initiative aligns with Government priority 17 'Climate change and energy' as outlined in the Annual Statement of Government Intentions, February 2009.

Large-Scale Solar Energy Generation (\$1 million over 2 years, total funding of \$100 million Net Present Value with phasings to be determined)

- a) This funding will facilitate the development of a new large-scale solar power station in Victoria. This project will deliver low emission electricity to run up to 50,000 homes and diversify Victoria's renewable energy supply. The major alternate policy option considered in the development of this proposal was investment in other (non solar) renewable generation sources of large scale such as wind, wave/tidal or geothermal.
- b) Approximate costs by renewable energy technology are: Wind generation around 85 to 100 \$/MWh, geothermal 80 to 100 \$/MWh, large-scale solar costs around \$110 to 170 \$/MWh and Wave/tidal generation 200 to 500 \$/MWh (although difficult to determine the exact generation costs due to the relative infancy of the technology).

To meet long-term objectives for the use of renewable energy and reduction of greenhouse gas emissions, as well as the Victorian Government's other energy policy objectives (i.e. secure, reliable and affordable energy supply), there are many criteria which the Victorian Government considers that an optimal suite of renewable energy technologies must satisfy:

- dispatch able – the technology should allow for output which can match demand in the National Electricity Market;
- abundant – the technology should employ a resource which is widely available throughout Australia;
- secure – the technology should employ a resource which is not subject to sudden supply disruptions due to natural or international market forces;
- environmentally sustainable – the technology should not impose undesired impacts on local environments including biodiversity, surface water or groundwater;
- socially acceptable – the technology should not impose unacceptable impacts on local communities including visual intrusion, noise, odour, vibration, and competition for common resources; and
- broader economic benefits – the technology should lead to significant, long-term benefits to the Australian economy (employment, skills development, components supply, regional development etc).

Given this criteria, the Victorian Government believes that support is therefore required for a technology which can achieve the objectives of the Carbon Pollution Reduction Scheme and the Renewable Energy Target. Large Scale Solar is believed by the Victorian Government to hold the strongest potential to do this in the time frame required.

- c) This initiative aligns with Government priority 17 'Climate change and energy' as outlined in the Annual Statement of Government Intentions, February 2009.

Gippsland Regional Infrastructure Development (\$ 1 million in 2009-10)

- a) Funding is provided to enable the necessary forward planning to allow for the identification and development of new road, rail and port infrastructure needs in regional Victoria. This initiative was identified as a priority action within the Victorian Transport Plan
- b) This initiative is a direct response to a need for appropriate infrastructure to support the Latrobe Valley's growing clean coal infrastructure. The \$1 million allocated through the 2009-10 Budget will fund the Scoping Study phase of this project. A further \$8 million will be required to deliver the balance of this program as detailed in the Victorian Transport plan.
- c) This initiative aligns with Government priority 17 'Climate change and energy' as outlined in the Annual Statement of Government Intentions, February 2009.

Note that the Government Response to Mining Inquiry into the Yallourn Mine Batter Failure initiative (\$11.1 million over 5 years) was approved prior to the 2009-10 Budget process in response to the recommendations detailed in the Mining Warden's report.

**(7) Question**

What programs, if any, have been deferred to future years to reduce financial pressures on the budget and achieve targeted budget surpluses?

**(7) Response**

The Department of Treasury and Finance will provide a whole of government response.

**Asset funding****(8) Question**

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2009-10, including each project's TEI. Please include the budget allocation for each.

**(8) Response**

Capital expenditure is budgeted to occur for the following asset investment projects in 2009-10:

<b>Asset investment project</b>	<b>TEI (\$ million)</b>	<b>Budget for 2009 - 10 (\$ million)</b>
Melbourne Wholesale Market Redevelopment	218.270	120.170
New Biosciences Research Centre	180.216	97.645
Redevelopment of Melbourne Showgrounds	100.700	8.480
Resource Rights Allocation and Management Capability	11.713	4.551
Fisheries Catch and Effort System Redevelopment	3.194	0.340
Fish Production Facility	1.300	0.400
Lysterfield Lake Park Land Purchase	3.300	0.060
<b>Total</b>	<b>518.693</b>	<b>231.646</b>

**(9) Question**

What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the Department's responsibilities?

**(9) Response**

DPI faces an ongoing challenge in terms of planning locations of facilities and infrastructure in a changing business environment, industry and Community needs, technology advances and research techniques.

To support Government's Future Farming Strategy and to ensure that Victoria's farm businesses and rural communities succeed and grow in a challenging new era for agriculture, DPI is consolidating operations to fewer, larger sites to re-focus and strengthen services.

More specifically, the Department is facing infrastructure challenges arising from the need for emission reductions from Victoria's primary and energy industries in response to global concern regarding climate change. In the 2009-10 Budget, funding has been provided to facilitate the development of a new large-scale solar power station in Victoria.

Funding has also been provided for the Gippsland Regional Infrastructure Development, which will enable the necessary forward planning to allow for the identification and development of new road, rail and port infrastructure to support the growth of major coal based industries in regional Victoria.

**(10) Question**

Has the Department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the Department's operations? If so, please provide details of the findings.

**(10) Response**

Detailed planning for the Biosciences Research Centre (BRC) at Latrobe University in Bundoora continues and the project is on track for completion in early 2012. The facility will provide state of the art bioscience laboratories for animal and plant research and allow the closure of DPI sites at Knoxfield and Frankston.

In line with the Whole of Victorian Government Asset Management Strategy Guidelines, DPI is continually reviewing asset requirements to meet the service delivery outputs in the changing world of research, community expectation and environmental improvement.

**(11) Question**

In relation to the unapplied output and asset funding carried forward to 2009-10, please provide:

- a breakdown of the carried forward funding for both output and asset initiatives;
- the underlying reasons for the Department's funding carryover for each category; and
- the intended revised timing for use of the carried forward funds, including project specific details for asset initiatives.

**(11) Response**

Information on carry forward funding for 2009-10 can not be provided at this point of the year. This information will be finalised in June 2009.

***Efficiencies, savings and productivity improvement***

**(12) Question**

In relation to the estimated efficiencies to be derived in 2009-10 (including from the various measures that fall under the umbrella of the Efficient Government policy and the other targeted initiatives, please provide:

- a) a breakdown of all planned efficiency savings for 2009-10 according to the various measures of efficiency that apply to the Department's operations as identified in the 2007-08 and 2008-09 Budgets, and in new measures introduced in the 2009-10 Budget;
- b) an explanation of:
  - how decisions regarding applicable savings measures are to be made;
  - the nature of their expected impact on programs, for example, programs expected to be accelerated, deferred or discontinued; and
  - the basis for estimating the savings target to be achieved for each measure.
- c) particulars of any changes to the Department's allocated savings for 2009-10 from the data shown in the 2007-08 and 2008-09 Budgets; and
- d) a description of any areas earmarked for productivity improvement in 2009-10.



**(12) Response**

a) The cumulative impact of savings from 2007-08 to 2009-10 are detailed in the table below:

	<b>2009-10 \$ million</b>
2007-08 LFS Efficient Government	10.4
2008-09 General Efficiencies	8.3
2009-10 Savings	3.0
<b>Total</b>	<b>21.7</b>

The table below breaks down the 2007-08 LFS Efficient Government savings into the allocated efficiency areas:

<b>2007-08 LFS Efficient Government</b>	<b>2009-10 \$ million</b>
Buying smarter, buying less	6.071
Shared services	1.393
Best practice grant administration	0.024
Fleet management	0.498
Advertising & consultancies	0.279
Other efficiencies	1.300
Workcover 07-08	0.113
Insurance	0.032
<b>Initial Savings Total</b>	<b>9.710</b>
State Purchase Contracts	1.176
Workcover 06-07	0.114
<b>Total Savings revised</b>	<b>11.000</b>
Budget efficiencies adjustment	-0.631
<b>Total</b>	<b>10.369</b>

Savings in the Efficient Government Policy categories for DPI were found through options including the review of procurement contracts and policies to ensure maximum value, participation in more whole of Government contracts, and improving fleet management practices through revised management arrangements to achieve better use of corporately pooled vehicles and changing the mix of the fleet (i.e. the use of smaller and hybrid vehicles.)

Given the reduction of external revenue and level of savings required DPI has focused its investment to those areas of high priority.

b) Response below:

- Decisions regarding savings measures within DPI are made by the Secretary and the Department's Executive Committee, in consultation with the Ministers.
- Efficiencies were found by reducing investment in low priority areas in line with Government priorities. Any impact on programs is in line with Government priorities and specifically targeted to not significantly impact the department's priorities and Strategic Plan.
- The savings for each area are estimated depending on the basis of how the savings will be found, such as efficiencies with the use of pool vehicles and the relative use of the vehicles across areas of the Department.

c) The Department's current allocated savings in regards to 2009-10 are shown in the table responding to part (a). The savings have increased in line with additional savings implemented through the 2008-09 and 2009-10 Budgets.

d) In line with the Department's Strategic Plan, DPI will implement savings through:

- Being more efficient/productive;
- Eliminating lower value activity; and
- Taking advantage of new revenue opportunities

DPI has worked hard to support the Government in the delivery of its Efficient Government Policy. Planning is ongoing to ensure an ability to deliver services efficiently. In particular, DPI's recent focus has been on consolidation of research and other accommodation/facilities; consolidation (in Victoria) and collaboration (with other jurisdictions and industry) in research and science; sharing of support services and examination of opportunities for revenue generation.

## ***Environmental challenges***

### **(13) Question**

- a) What are the key environmental issues that are predicted to have an impact on services delivered by the Department's portfolios in 2009-10?
- b) How have these issues been addressed in the Department's budget estimates for 2009-10?
- c) Please list up to five projects or programs worth over \$1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2008-09 and 2009-10 for existing projects if applicable).

### **(13) Response**

- a) As outlined in DPI's 2008-2011 Strategic Plan, climate change is forecast to increase the frequency of emergencies in which DPI plays a core response and recovery role, in particular bushfires, drought and biosecurity incursions. While DPI has an established and effective practice of drawing on multi-skilled staff from across the Department to assist with emergency response, this has an impact on core work and outputs. These impacts are likely to increase in future, and demand more intensive management of occupational health and safety and of projects delayed due to response activities.

In broad terms, the key environmental issues that relate to services delivered by the Department are:

- The need for emission reductions from Victoria's primary and energy industries in response to global concern regarding climate change;
  - Climate change and its effects on production systems, biosecurity and other risks, and the sustainability of environmental systems;
  - Bushfire recovery (with a particular emphasis on recovery efforts for primary producers);
  - Water scarcity and its effects on productivity.
- b) These issues are being addressed through various ongoing programs making industry more resource efficient, assisting communities to manage the impact of drought, and positioning Victoria to benefit from the opportunities that will emerge in addressing environmental issues such as climate change.

Refer below to the response provided in Part (c) for further information regarding new and existing initiatives that address the key environmental issues relating to services delivered by the Department.

- c) Existing Initiatives

### **Future Farming Strategy**

- Understanding and managing climate change: New Technologies and Strategies, Planning for Climate Change – as detailed in the Department’s Future Farming Strategy, released April 2008. Funding is provided to help farm businesses to plan for climate change and provide farmers in key industries with new technologies and strategies to adapt to future climatic conditions. Funding consists of \$2.5 million in 2008-09 and \$2.9 million in 2009-10.

### **Future energy**

- Future Energy I: Positioning Victoria as a Carbon Capture and Storage Leader – as detailed in the 2008-09 Budget papers funding is provided for initiatives designed to move Victoria towards near zero emission outcomes; large scale carbon capture storage demonstration project; additional policy work and regulation with respect to carbon capture and storage; and funding for continued membership of the Cooperative Research Centre for Greenhouse Gas technologies (CO2CRC). Funding consists of \$4.7 million in 2008-09 and \$5.5 million in 2009-10.
- Future Energy II: Sustainable Energy - funding is provided from 2008-09 for large scale pre-commercial demonstration of sustainable energy technologies, such as solar, energy storage, biofuels, biomass conversion, geothermal energy efficiency and clean distributed energy. Funding consists of \$2.5 million in 2008-09 and \$4.5 million in 2009-10.

### **2009-10 Initiatives**

- Large-Scale Solar Energy Generation - funding was allocated in 2009-10 to facilitate the development of a new large scale solar power station in Victoria. The project will deliver low emissions electricity to run up to 50,000 homes and diversify Victoria’s renewable energy supply. Funding allocated in the short term will enable DPI to undertake project management activities, including a tender evaluation process. Funding consists of \$0.6 million in 2009-10 and \$0.4 million in 2010-11. Total funding of \$100 million Net Present Value has also been allocated with phasings to be determined.

### **(14) Question**

What initiatives are planned by the Department in 2009-10 to enhance reporting of the mandatory and optional office-based environmental indicators identified in FRD 24C.

### **(14) Response**

DPI has developed an environmental management reporting tool (EMT) to improve collection, tracking and reporting of energy, water and gas consumption across all DPI managed sites. It is expected that this will be completed for the 20 or so larger sites which represent the majority of DPI consumption by the end of the 2008-09 financial year.

In addition, DPI has embarked on a mapping project to accurately identify meter locations and billing information for all energy and water used on its sites. The information gathered is being entered into a central reporting database within the EMT. In 2008-09, DPI mapped 20 major sites, and meter mapping in 2009-10 will extend to over 30 DPI sites.

To meet the requirements of environmental reporting under Financial Reporting Directive 24C (FRD24C), DPI is undertaking a sub metering project to separate office and operational energy use. In time, DPI will therefore be able to match energy use and greenhouse gas emissions to its various operational functions, for example farming, office activities and research programs.

As the program develops, DPI will implement periodic reporting at site and regional levels showing current usage, trend histories and targets, linked to actual on-site programs and business functions. This will position DPI to deliver on Government expectations around accuracy of data and reporting capabilities, as well as creating a strong base from which to identify and implement capital and behavioural environmental improvement programs, and proactively manage environmental impacts.

## ***Spending***

### **(15) Question**

Please outline any major expenditure policy shifts in 2009-10. In relation to these, please explain:

- the assumptions underpinning the policy decision;
- alternative scenarios considered; and
- fiscal effects.

### **(15) Response**

There are no major expenditure policy shifts in relation to the 2009-10 budget.

### **(16) Question**

What processes have been applied by the Department to ensure that new programs have been rigorously costed?

### **(16) Response**

As detailed in our response to Question 1.5, new budget initiatives are developed in line with the IMC.

A Department wide budgeting tool is also used in program costing and is available to all staff, with regular updates on changes in indexation, staff profiles, various types of expenditure and associated overhead costs. Regular training sessions in the use of this budgeting tool are available for new staff, and refresher courses for existing staff.

### **(17) Question**

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2008-09 and the target for 2009-10 for individual outputs.

**(17) Response**

	<b>2008-09 Expected Outcome \$million</b>	<b>2009-10 Published \$million</b>	<b>Variance</b>	<b>Comment</b>
Primary Industry Policy	49,711	51,942	4.49%	N/A
Regulation & Compliance	96,403	97,307	0.94%	N/A
Strategic and Applied Scientific Research	182,329	211,631	16.07%	Increase relates to funding scheduled to be received in 2009-10 for initiatives such as the Biosciences Research Centre and Securing and Developing Services to Farmers. Cash flow revisions of Energy Technology Innovation Strategy initiatives funding from 2008-09 have also had an impact.
Sustainable Practice Change	214,704	163,145	-24.01%	Decrease reflects the Treasurer's Advances in 2008-09 and concluding Sustainable Practice Change initiatives in 2008-09. An assessment of conditions which require a Treasurer's Advance are made as required.
<b>Total</b>	<b>543,147</b>	<b>524,025</b>		

**(18) Question**

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2008-09 and the budget for 2009-10, please provide an explanation.

**(18) Response**

Employee Benefits variance is under 10 per cent. Please refer to the table in response to Question 6.4 which details the Estimated Actual and Budget for 2009-10 for this expense category.

**(19) Question**

Please provide a tabular dissection of the Department's 2009-10 budget and expected expenditure for 2008-09 under the Government's key themes presented annually in the Victorian Budget Overview differentiating between new funding initiatives and ongoing funding.

**(19) Response**

It is difficult to assign the Department's whole 2009-10 budget and expected expenditure for 2008-09 according to the key themes in the Budget Overview, however the major new initiatives for 2009-10 have been assigned to the Budget themes below.

<b>Government's Key Theme</b>	<b>2009-10 Budget (\$ million)</b>
Tackling Climate Change and Securing Water Supplies	
National Energy Market Reform	1.921
Gippsland Regional Infrastructure Development	1.000
Large Scale Solar Energy Generation Acceleration	0.600

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

**(20) Question**

In terms of any major revenue policy changes contained in the 2009-10 budget relating to revenue generation, tax expenditures or concession and subsidies, please explain:

- the assumptions underlying the analysis;
- alternative scenarios considered; and
- the fiscal effect of any tax changes.

**(20) Response**

There are no major revenue policy changes in the 2009-10 budgets.

**(21) Question**

- a) In relation to 2009-10, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.
- b) Please outline the actual and expected financial impact in 2009-10 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the Department.

**(21) Response**

- a) A new industry levy to fund the recommendations approved by Government in response to the Yallourn mine collapse will be introduced in 2009-10 with an expected revenue collection of \$1.25 million per annum.
- b) There are no revenue forgone initiatives for 2009-10.

**(22) Question**

Please provide a listing of any revenue measures (taxation, fees, fines etc) or any concessions (or subsidies) where changes are more or less than the cost of living adjustment (include the value of such measures and the percentage change).

**(22) Response**

There have been no changes that are greater or lesser than the cost of living adjustments.

**(23) Question**

For the Department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2008-09 and the budget for 2009-10.

**(23) Response**

Only two income categories have a variance of greater than 10%:

- Sales of goods and services - the reduction of 15% relates to lower than anticipated revenue from external parties; and
- Capital Asset Charge - the increase of 25% is primarily due to construction of the Bioscience Research Centre commencing in 2009-10.

## ***Regional and rural considerations***

### **(24) Question**

- a) What are the critical issues facing regional and rural communities in 2009-10 that depend on services provided by the department (please provide comment relating to particular areas of the State where applicable)?
- b) How does the Department's 2009-10 budget address these issues?

### **(24) Response**

- a) The critical issues facing regional and rural communities of relevance to DPI's services are the challenges and opportunities presented by:
  - Export market volatility (as evidenced by recent falls in farm-gate dairy prices) and its impact on farm business cashflows and profitability; and
  - Input costs and means of access to labour, capital, fuel, stock, fodder and the effects on farm business cashflows and profitability;
  - Competition and trade and its effect on market access, competitiveness and the need to drive productivity;
  - Climate change and its effects on production systems, and the sustainability of environmental systems;
  - Bushfire recovery (with a particular emphasis on recovery efforts for primary producers);
  - Water scarcity and its effects on productivity;
  - Technology and its effect on productivity and competitiveness; and
  - Demographic and social change and shifts in land use, rural and regional economic drivers, and regional economic and social diversity.

These issues face all regional and rural Victorians to some degree, irrespective of location.

- b) The Future Farming Strategy continues to provide significant additional funding to the Department to enable it to address many of the issues listed above.

Ongoing initiatives include:

- \$98.6 million over five years to boost productivity through new technology and changes in farming practices – including the development of new generations of drought, cold and salt resistant crops, improved plant and animal disease control, and new technologies to lift productivity.
- \$11.4 million over 4 years to help farm businesses plan for and adapt to climate change and to provide farmers in key industries with new technologies and strategies to adapt their farming systems to future climatic conditions.
- An additional \$20 million over four years to manage weeds and pests.

In addition to this funding, the Department's 2009-10 budget has been shaped to match the ongoing realignment of the Department's activities to assist Victoria's regional and rural communities develop the capacity and capabilities to manage the challenges faced and to take advantage of the opportunities presented. For example, DPI will continue to direct its resources to assist primary producers to understand the options available in relation to bushfire recovery.

**(25) Question**

Please provide a table showing for up to five of the Department's largest projects (in terms of expenditure) benefiting regional and rural Victoria the:

- budget allocation for 2009-10 dissected between new and existing projects;
- the purpose of each project;
- how the funding is to be spent; and
- the performance measures in place to assess performance.

**(25) Response**

The largest projects benefiting regional and rural Victoria are detailed in the table below:

Name of Project	Existing/New	2009-10 Estimated Funding	Summary	Performance Measures
		(\$ million)		
Securing and Developing Services to Farmers	Existing	\$18.5 million	Approved under the Future Farming Strategy in the 2008-09 Budget, this is a key government initiative to develop innovative technologies for the sustainable development of Victoria's food and agriculture.	This initiative is accounted for under a number of performance measures introduced in the 2008-09 Budget. Specific new performance measures under the Strategic and Applied Scientific Research Output include 'Number of new key enabling technologies and core science capacity competencies established/upgraded by DPI' and 'Number of Postgraduate level PhD students in training by DPI'.
Weeds and Pests	Existing	\$7.6 million (funded through the 'Weeds and pests' initiative of the 2007-08 Budget)  \$3.6 million (funded through the 'New action on weeds and pests' initiative of the Future Farming Strategy)	Funding to continue the improvement of the management of weeds and pests on public and private land across Victoria, and reduce the number of new weeds and pests outbreaks.	There are a number of performance measures under the Regulation and Compliance output which assess weeds and pests control.



## **Performance measures**

### **(26) Question**

Please provide the rationale for any change in performance measures presented in the budget papers for 2009-10 (including new and discontinued measures).

### **(26) Response**

Explanations are footnoted in Budget Paper 3, Appendix C on pages 463-464, for all discontinued performance measures relating to the Department of Primary Industries.

The rationale behind discontinuing these measures includes:

- Those which are duplicated by another measure or have been replaced with a new measure that is more comprehensive; and
- The initiative involved being completed by the end of 2008-09.

New measures which have been developed for 2009-10 to replace deleted measures or to monitor government initiatives include:

- New measures for 2009-10 to take into account progress in initiatives such as Future Energy projects funded through the 2008-09 Budget; and
- Replacement measures which are more in line with current policy directions.

2009-10 targets are adjusted based on any new funding through the Budget and other factors, such as being increased to more accurately measure and account for increased performance. Significant changes from 2008-09 targets are footnoted in Budget Paper 3, Chapter 3 on pages 207-208.

### **(27) Question**

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2008-09 and the target for 2009-10, please provide the reasons for the variance.

## (27) Response

Output	Unit of	Measure	2008-09	2008-09	2009-10	Comments
Performance Measure			Target	Expected	Target	
				Outcome		
<b>Primary Industries Policy</b>						
Exercise strategies for maintaining security of electricity and gas supply	Quantity	number	2	4	4	The increase in the 2008-09 Expected Outcome is due to an expansion of security supply exercise activities in 2008. The increase in the 2009-10 Target reflects the expectation that the number of exercises will be maintained in 2009-10.
Industry information packages released targeted at Minerals and Petroleum	Quantity	number	14	14	12	The decrease in the 2009-10 Target reflects the cessation of funding for the Gold Undercover program partly offset by information packages to be released through other initiatives.
Major strategic policy briefings to government	Quantity	number	10	11	10	The increase in the 2008-09 Expected Outcome reflects an increase in strategic policy advice relating to drought and emergency response.
Number of structured management arrangements in place for fisheries	Quantity	number	20	20	24	The increased 2009-10 Target reflects the undertaking of a number of significant management plans, such as the Goulburn Broken plan that will specify management arrangements in fire affected areas.
Powerline relocation grants approved	Quantity	number	20	25	20	The increase in the 2008-09 Expected Outcome is due to multiple applications for smaller-scaled projects in 2008. The number of approvals are expected to normalise in 2009-10 reflecting larger scale projects.
Strategic policy briefings on energy matters to portfolio minister	Quantity	number	200	216	210	The 2008-09 Expected Outcome reflects an increased demand for briefings in renewable energy, including large scale solar and feed-in tariff policy. The 2009-10 Target has been increased in line with new funding provided through the 'Reforming of the National Energy Market' initiative.
Enhanced Fishing Grants: program components meet agreed milestones for delivery	Quality	per cent	100	90	100	The 2008-09 Expected Outcome is below target due to staff diversion to emergency response activities during February which has impacted on some milestones. This was partially addressed through commissioning of additional staff resources during March; however three milestones will now extend into early 2009-10 for completion.

Output	Unit of	Measure	2008-09	2008-09	2009-10	Comments
Performance Measure			Target	Expected	Target	
				Outcome		
<b>Regulation and Compliance</b>						
Audits completed at mineral and petroleum sites on specific high risk issues	Quantity	number	80	109	100	The increase in the 2008-09 Expected Outcome is due to an expansion of the scope of the audit of weeds and pests at mine and extractive sites, following identification of a higher number of issues at sites audited during the early phase of the program. This has resulted in a higher number of audits being completed. The scope of the audit program for 2009-10 has been increased in line with the expansion of the audit program achieved in 2008-09 activities.
Levels of compliance are maintained to ensure the sustainability of priority fish species	Quality	per cent	>90	86.6	>90	The 2008-09 Expected Outcome is slightly below target due to reallocation of fisheries officers to bushfire response and recovery activities which resulted in a reduced presence in the field.
<b>Strategic and Applied Scientific Research</b>						
Area of the State for which first generation regional 3D geological models are available	Quantity	per cent	63	63	80	The increase in the 2009-10 Target reflects the progress of the 3D program, which forms part of Rediscover Victoria.
Applications for intellectual property protection	Quantity	number	10	10	6	The 2009-10 Target has been reduced due to DPI's strategy for plant research and development now focusing on the generation of pre-commercial intellectual property which will result in fewer Plant Breeding Rights applications.
International scientific workshops/conferences lead/organised by DPI to promote science leadership among peers	Quantity	number	4	4	5	The 2009-10 Target has been increased due to projected growth as a result of increased funding provided through the Future Farming Strategy in the 2008-09 Budget.
Postgraduate level PhD students in training by DPI	Quantity	number	30	72	77	The increased 2008-09 Expected Outcome is mainly due to the availability of new students. The 2009-10 Target is higher due to the consolidation of this measure and the discontinued measure 'New postgraduate students engaged' and has also been increased in line with the expected outcome for 2008-09.

Output	Unit of	Measure	2008-09	2008-09	2009-10	Comments
Performance Measure			Target	Expected	Target	
				Outcome		
Scientific and technical publications in international and peer review journals that promote productive and sustainable farming (including aquaculture) and fisheries systems	Quantity	number	366	366	375	The 2009-10 Target has been increased due to a projected increase in publications associated with the Channel Deepening Project.
<b>Sustainable Practice Change</b>						
Existing DPI programs realigned to new programs based on identified needs for farm segments	Quantity	number	5	3	7	The 2008-09 Expected Outcome is expected to be below target due to additional external consultancies being undertaken in the start up phase of the 'State-of-the-Art Services to Farm Businesses' initiative to ensure the service delivery strategy is accurate. The redirection of effort into the planning phase has resulted in a strategy that has been signed off and is now moving to full implementation. The 2009-10 Target has been increased to reflect this and includes the deferred activities.
Practice change and technical publications submitted to conference proceedings and peer review journals	Quantity	number	40	70	60	The increase in the 2008-09 Expected Outcome and 2009-10 Target is due to wider coverage of staff and additional opportunities to provide papers.
Significant customer interactions to facilitate export outcomes	Quantity	number	80	80	90	The increase in the 2009-10 Target is due to an expected gain in delivery efficiencies arising from experience in this field.

## Staffing matters

### (28) Question

Please fully complete the table below, providing actual EFT staff numbers at 30 June 2008 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2009 and 30 June 2010 for the department and its major budget funded agencies.

**(28) Response**

Employment — Equivalent full-time staff

Classification	30 June 2008				30 June 2009				30 June 2010			
	(Actual) (EFT)				(Estimate) (EFT)				(Estimate) (EFT)			
	Ongoing	Fixed Term	Casual	Total	Ongoing	Fixed Term	Casual	Total	Ongoing	Fixed Term	Casual	Total
Secretary		1.0		1.0		1.0		1.0		1.0		1.0
Executive Officer 2		12.0		12.0		11.0		11.0		11.0		11.0
Executive Officer 3		12.0		12.0		14.0		14.0		15.0		15.0
STS	2.8	2.0		4.8	3.8	2.0		5.8	3.8	2.0		5.8
Principal Scientist 1	41.3			41.3	40.9			40.9	40.9			40.9
Grade 6	148.1	17.6	1.0	166.7	159.7	11.8	1.0	172.5	159.7	11.8	1.0	172.5
Grade 5	183.6	15.6	2.0	201.2	205.5	15.4	4.0	224.9	205.5	15.4	4.0	224.9
Grade 4	226.4	23.4	2.0	251.8	229.9	33.2	1.0	264.1	229.9	33.2	1.0	264.1
Grade 3	296.0	46.6	23.0	365.6	288.7	44.0	24.0	356.7	288.7	44.0	20.0	352.7
Grade 2	251.9	66.4	56.0	374.3	260.5	54.0	46.0	360.5	260.5	54.0	40.0	354.5
Grade 1	25.0	21.0	31.0	77.0	26.1	17.0	26.0	69.1	26.1	17.0	20.0	63.1
Science D	104.8	6.0	1.0	111.8	108.6	5.0	2.0	115.6	108.6	5.0	2.0	115.6
Science C	187.5	9.2	1.0	197.7	179.4	12.0	2.0	193.4	179.4	12.0	2.0	193.4
Science B	234.6	33.4	3.0	271.0	238.0	35.6	7.0	280.6	238.0	35.6	7.0	280.6
Science A	318.5	124.1	16.0	458.6	279.7	122.7	1.0	403.4	279.7	122.7	1.0	403.4
Field Staff	24.0	1.0		25.0				0.0				0.0
MC		2.0		2.0		2.0		2.0		2.0		2.0
Mining Warden		0.8		0.8		1.0		1.0		1.0		1.0
Workcover	2.0			2.0	2.0			2.0	2.0			2.0
<b>Total</b>	2046.5	394.1	136.0	2576.6	2022.8	381.7	114.0	2518.5	2022.8	381.7	98.0	2502.5



## 1.9 Department of Sustainability and Environment

### ***Budget preparation***

#### **(1) Question**

What are the key budget themes underpinning the development of the budget that relate to your Department?

#### **(1) Response**

The Department's key focus for 2009-10 relates to delivering on the Water Plan, fire management, managing the impact of climate change on the environment and managing the parks estate.

In regards to the 2009-10 State Budget, the key themes that relate to the Department are:

- Bushfire Recovery; and
- Protecting our Natural Environment and Resources.

#### **(2) Question**

What impact have developments at the Commonwealth level, including initiatives under the COAG Reform Agenda, had on preparing the Department's component of the 2009-10 State budget?

#### **(2) Response**

In the response of 4 May 2009, the Department provided information regarding developments at the Commonwealth level that have impacts for the Department in the future.

Key areas and developments at the Commonwealth level which have, or will impact the Department in the future include:

- the new Intergovernmental Agreement which provides the framework for federal financial relations with Victoria;
- the continuation of the Caring For our Country program, which provides funding for natural resource management activities; and
- the National Building and Jobs Plan, which includes \$3.9 billion for an Energy Efficient Homes package.

In regards to the 2009-10 State Budget, any revisions to the expected level of Commonwealth grants or payments in 2009-10 have been included in the Department's financial statements as part of the 2009-10 Budget Paper 4, pages 161 to 168. Information on Commonwealth grants can be found in the 2009-10 Budget Paper 4 pages 206 to 221.

#### **(3) Question**

Please list the key assumptions (up to five) that have been used to develop the Department's projections for 2009-10.

#### **(3) Response**

The following assumptions have been made in the development of the Department's projections for the 2009-10 financial year:

- specific initiative funding likely to be provided under the 2009-10 State Budget;
- the impact of developments at the Commonwealth level (see question 1.2 above); and
- water supply, fire management, public land governance (e.g. VEAC) and tackling climate change will remain as the other priority issues for the Department.

**(4) Question**

- a) What are the key risks relating to the budget estimates and the economic forecasts (please quantify these where possible)?
- b) How have these risks been managed?
- c) Please describe the economic or key external factors that pose the greatest risk to the Department meeting its budget for 2009-10.
- d) How have these matters been addressed in framing the 2009-10 budget for your Department?

**(4) Response**

The key risk to Departmental resourcing in a financial sense is fire response preparation. The Department has invested heavily in people and systems to ensure that spending in anticipation of major fires is well planned and identified.

In addition to existing investment in people and systems, the 2009-10 Budget provides over \$430 million to assist the Department with fire response.

This includes \$30.5 million TEI and \$2.7 million over four years for Project 000, \$53 million over five years for fire preparedness activities and \$344 million in 2008-09 to respond to the devastating February 2009 bushfires. Full details are provided in the 2009-10 Budget Paper 3, pages 284 to 285, page 291 and pages 295 to 296.

**(5) Question**

How has the Department ensured that its budget for 2009-10 is reliable in terms of being:

- affordable;
- deliverable; and
- fiscally sustainable?

**(5) Response**

The Department has a number of mechanisms in place to ensure service delivery, programs and projects are in line with the expected outcomes and budget. These measures include rigorous planning, reporting and frequent review by senior management. The annual Budget process ensures that any new programs are analysed and an appropriate budget allocated, while the Department regularly evaluates the effectiveness of existing programs.

**(6) Question**

In relation to each of the Department's three largest budget initiatives for 2009-10 in terms of funding:

- a) What were the broad choices in terms of service delivery and relevant policy options that the Department was confronted with at the budget development stage;
- b) What were the costings of each policy option?
- c) Please explain the linkages to the areas identified in the Annual Statement of Government Intentions released by the Government in February 2009.

**(6) Response**

The three biggest budget initiatives for the Department in terms of funding in 2009-10 are:

- River Red Gums;
- Point Nepean; and
- Fire Suppression.



### **River Red Gums**

The Government, in its 2006 election policy Victoria's National Parks and Biodiversity committed to create new River Red Gum National and Forest Parks if recommended by the Victorian Environment Assessment Council (VEAC). Following the VEAC Report, the Government established a Community Engagement Panel (CEP) to work through the recommendations. Both the VEAC and the CEP reports were used as a basis for the Victorian Government response, which provided the \$38 million package as part of the 2009-10 Budget.

This initiative links to Priority 19 – Victoria's Plan to Protect the Natural Environment within the 2009 Annual Statement of Government Intentions, which states the Government's commitment to protect River Red Gum forests.

### **Point Nepean**

In 2006, the Government committed to \$10 million for the protection of heritage sites at Point Nepean when the final 90 hectares were incorporated into the Point Nepean National Park. This initiative meets this commitment. The full scope of works to be undertaken will be determined once the site transfer is completed, including the transfer of additional funding from the Commonwealth.

This initiative also links to Priority 19 – Victoria's Plan to Protect the Natural Environment within the 2009 Annual Statement of Government Intentions, which refers to the incorporation of the Quarantine Station site into the Point Nepean National Park.

### **Fire Suppression**

The funding provided to the Department as part of the 2009-10 Budget for fire suppression was to meet the costs associated with emergency response activities. As a result, the development of alternative options was not appropriate.

This initiative also links to Priority 19 – Victoria's Plan to Protect the Natural Environment within the 2009 Annual Statement of Government Intentions, as the increasing frequency and severity of bushfires is a key environmental issue.

#### **(7) Question**

What programs, if any, have been deferred to future years to reduce financial pressures on the budget and achieve targeted budget surpluses?

#### **(7) Response**

The Department is constantly restructuring its budget to address priority areas, including the timing of key water projects.

### **Asset funding**

#### **(8) Question**

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2009-10, including each project's TEI. Please include the budget allocation for each.

**(8) Response**

In addition to those asset investment projects includes in the Department's response of 4 May 2009, the below projects announced as part of the 2009-10 State Budget have budgeted capital expenditure in 2009-10.

<b>Asset Investment Projects with Capital Expenditure in 2009-10</b>	<b>2009-10 (\$ million)</b>	<b>TEI (\$ million)</b>
Point Nepean Quarantine Station	10.0	10.0
Project 000 (a)	3.0	30.5
Bays and Maritime	2.0	4.0
Beach Renourishment/Coastal Risk (a) (b)	1.0	4.0
Frankston/Dingley	1.0	2.0
Outer Urban Parks	1.0	2.0
<b>Total</b>	<b>18.0</b>	<b>52.5</b>

Notes:

(a) this reflects the Department's component of a Whole-of-Victorian Government initiative

(b) this initiative was reported in the 2008-09 Budget Update

(c) the above table does not include River Red Gums as there is no budgeted capital expenditure for 200910.

**(9) Question**

What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the Department's responsibilities?

**(9) Response**

The three most significant infrastructure challenges currently impacting the Department relate to recovery and rehabilitation works in the areas affected by the bushfires, securing Victoria's water supply and addressing the impacts of climate change. All of these challenges will also impact the Department for the foreseeable future.

**(10) Question**

Has the Department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the Department's operations? If so, please provide details of the findings.

**(10) Response**

- a) The Department regularly undertakes a range of forward looking assessments, such as mapping expected asset investment over the next ten years. This asset mapping assists the Department in determining the composition of annual asset budget bids.
- b) Furthermore, the release of a number of Government strategies and policies, such as the *Our Water Our Future* statement, clearly identify how future needs are intended to be addressed. A list of the key statements and polices for the Department are set out below:

<b>Strategy or Statement</b>	<b>Year of release</b>
Living With Fire – Victoria's Bushfire Strategy	2008-09
Victorian Coastal Strategy	2008-09
Metropolitan Waste and Resource Recovery Strategic Plan	2008-09
Land and Biodiversity at a Time of Climate Change – Green Paper	2007-08
Northern Region Sustainable Water Strategy (Discussion Paper - Final Strategy due in early 2009)	2007-08
Central Region Sustainable Water Strategy	2006-07
Our Environment, Our Future - Sustainability Action Statement	2006-07
Our Water Our Future: The Next Stage of the Government's Water Plan (Victoria's Water Plan)	2006-07

**(11)**

**(12) Question**

In relation to the unapplied output and asset funding carried forward to 2009-10, please provide:

- a breakdown of the carried forward funding for both output and asset initiatives;
- the underlying reasons for the Department’s funding carryover for each category; and
- the intended revised timing for use of the carried forward funds, including project specific details for asset initiatives.

**(11) Response**

The Department cannot yet advise of the actual amount of funding to be carried forward to 2009-10. This information can be provided at the end of the 2008-09 financial year. However, it is the Department’s intention to minimise the amount to be carried forward and it is continuing to work on projects to achieve this aim.

Pursuant to the *Financial Management Act 1994*, funds which are carried forward are required to be spent in that following year. Therefore, any funds carried forward into 2009-10 will be spent by the Department in 2009-10.

**Efficiencies, savings and productivity improvement**

**(13) Question**

In relation to the estimated efficiencies to be derived in 2009-10 (including from the various measures that fall under the umbrella of the Efficient Government policy and the other targeted initiatives, please provide:

- a) a breakdown of all planned efficiency savings for 2009-10 according to the various measures of efficiency that apply to the Department’s operations as identified in the 2007-08 and 2008-09 Budgets, and in new measures introduced in the 2009-10 Budget;
- b) an explanation of:
  - how decisions regarding applicable savings measures are to be made;
  - the nature of their expected impact on programs, for example, programs expected to be accelerated, deferred or discontinued; and
  - the basis for estimating the savings target to be achieved for each measure;
- c) particulars of any changes to the Department’s allocated savings for 2009-10 from the data shown in the 2007-08 and 2008-09 Budgets; and
- d) a description of any areas earmarked for productivity improvement in 2009-10.

**(12) Response**

- a) The Department cannot provide information regarding possible efficiency savings introduced in the 2009-10 Budget until after the release of the State Budget on 5 May 2009.
- b) However, efficiencies introduced as part of the 2007-08 and 2008-09 Budgets impact the Department in 2009-10. The majority of these efficiencies are a continuation of those imposed in previous years. However, a small amount is an incremental increase to previous years. A breakdown of these incremental efficiencies is provided below.

	\$m
Buying Smarter, Buying Less	1.4
Shared Services	0.6
Other (VMIA Insurance Savings, WorkCover premium savings etc)	1.1
<b>TOTAL</b>	<b>3.1</b>

The above efficiencies were implemented as part of the 2007-08 Budget, which flagged additional savings of \$3.6 million in 2009-10. However, actual efficiencies to be achieved in 2009-10 is \$3.1 million – a reduction of \$0.5 million. This is because some efficiencies were transferred to the Department of Planning and Community Development with the planning function, as well as a review by the Department of Treasury and Finance of the basis of the calculation of all efficiencies.

The Department is unable to provide further information regarding the expected impact of these efficiencies. The Department does not record specific actions and the attributable savings. In most cases, as previously communicated to PAEC, savings are applied across the Department and its portfolio entities on a pro-rata basis on their discretionary expenditure base. Divisions then take the necessary action to achieve budgets.

In regards to how savings targets were set for each measure, this question is more appropriately answered by the Department of Treasury and Finance.

The 2009-10 Budget includes one-off drought savings of \$3.0 million in 2008-09, as well as general efficiency savings of \$6.0 million in 2009-10, rising to \$9.0 million in 2010-11 and \$12.0 million in 2011-12 and 2012-13.

As previously noted, the Department is unable to provide further information regarding the expected impact of these savings, as they are applied across the Department and portfolio entities on a pro-rata basis on discretionary expenditure base.

## **Environmental challenges**

### **(14) Question**

- a) What are the key environmental issues that are predicted to have an impact on services delivered by the Department's portfolios in 2009-10?
- b) How have these issues been addressed in the Department's budget estimates for 2009-10?
- c) Please list up to five projects or programs worth over \$1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2008-09 and 2009-10 for existing projects if applicable).

### **(13) Response**

- a) The key environmental issues that are expected to have an impact on the Department in 2009-10 are the same as those mentioned above, including maintaining water supply, fire management, the impact of climate change on the environment and managing the impacts of Victoria's ongoing drought.
- b) The Department will continue to take the lead role in implementing a number of the Government's commitments relating to the environment, such as the *Our Water Our Future: The Next Stage of the Government's Water Plan (Victoria's Water Plan)* statement, the *Our Environment Our Future – Sustainability Action Statement (ESAS)* and *Living with Fire – Victoria's Fire Strategy*.
- c) These statements include significant investment in a range of programs aimed at addressing key environmental issues:
  - Victoria's Water Plan - \$4.9 billion to be spent in major water infrastructure projects to provide the biggest boost to Victoria's water supplies in 25 years; and
  - ESAS - new investment of more than \$200 million and 150 initiatives, in areas such as Responding to Climate Change and Maintaining and Restoring Our Natural Assets.
  - Living with Fire – continuation of the annual investment in bushfire management, taking into account climate change and the increasing bushfire threat due to the combination of high fuel loads and drought conditions.

There are a large number of existing projects or programs within the Department which focus on environmental issues. Many of these programs will receive increased funding in 2009-10 in line with the impact of the Departmental Funding Model.

The 2009-10 State Budget also included new funding for a significant number of initiatives for this Department to address environmental issues. Details of these initiatives can be found on pages 352 to 354 of Budget Paper 3.

**(15) Question**

What initiatives are planned by the Department in 2009-10 to enhance reporting of the mandatory and optional office-based environmental indicators identified in FRD 24C.

**(14) Response**

The Department will continue to adhere to FRD 24C – Reporting of Office-based Environmental Data by Government Entities, which became operational as of reporting periods commencing 1 July 2007.

**Spending**

**(16) Question**

Please outline any major expenditure policy shifts in 2009-10. In relation to these, please explain:

- the assumptions underpinning the policy decision;
- alternative scenarios considered; and
- fiscal effects.

**(15) Response**

In regards to both new and existing programs undertaken by the Department, no major expenditure policy shifts are expected. However, as previously noted, a key focus for the Department in 2009-10 will be recovery works within the areas affected by the 2009 bushfires.

**(17) Question**

What processes have been applied by the Department to ensure that new programs have been rigorously costed?

**(16) Response**

No answer provided

**(18) Question**

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2008-09 and the target for 2009-10 for individual outputs.

**(17) Response**

Output	2008-09 Revised \$M	2009-10 Estimate \$M	Variance \$M	Variance%	Note
Sustainable Water Management and Supply	499.0	389.4	-109.5	- 22.0	1
Natural Resources	159.5	126.3	-33.3	-20.8	2
Land and Fire Management	548.3	198.1	-350.2	-63.9	3
Biodiversity	60.4	51.3	-9.1	-15.1	4
Forests and Parks	142.5	156.7	14.3	10.0	5

Notes:

- 1) *The variance is primarily due to the 2008-09 revised estimate including one-off non-recurring funding for the Grants for Water Bills Initiative announced as part of the Government's 2008-09 Drought Assistance Package. The 2009-10 Budget has also been reduced due to the completion of projects including water saving projects under the Living Murray Initiative, the Victorian Water Trust and the Central Goulburn 1234 project.*
- 2) *The variance is primarily due to the 2008-09 revised estimate including one-off non-recurring funding for a CMA Drought Employment Program announced as part of the Government's 2008-09 Drought Assistance Package. The 2009-10 Budget estimate also takes into account reduced Commonwealth funding for the Caring for Our Country Program.*
- 3) *The variance is primarily due to the 2008-09 revised estimate including one-off non-recurring funding for fire suppression activities as a result of the severity of the February 2009 bushfires.*
- 4) *The variance is primarily due to a reduction in the 2009-10 Budget due to the completion of projects.*
- 5) *The variance is primarily due to new funding provided as part of the 2009-10 Budget, including for the River red Gums package. In addition, further responsibilities and associated funding has been transferred from the Natural Resources output to the Forests and Parks output.*

**(19) Question**

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2008-09 and the budget for 2009-10, please provide an explanation.

**(18) Response**

No response is required as the variation between 2008-09 Revised figures and 2009-10 Budget figures is less than 10 per cent.

**(20) Question**

Please provide a tabular dissection of the Department's 2009-10 budget and expected expenditure for 2008-09 under the Government's key themes presented annually in the Victorian Budget Overview differentiating between new funding initiatives and ongoing funding.

**(19) Response**

As noted in Question 1.1, the key themes in the 2009-10 that relate to the Department are bushfire recovery and protecting our natural environment and resources. There are a number of new initiatives contained in the 2009-10 Budget for the Department. Whole-of-Government initiatives within these themes are located on pages 284 to 287, page 291 and page 295 of the 2009-10 Budget Paper 3. Department specific initiatives are located on pages 352 to 354.

There are also number of existing programs which also relate to bushfires and protecting our natural environment. The key focus for the Department's Healthy and Productive Land; Healthy, Productive and Accessible Marine, Coastal and Estuarine Systems; and Flourishing Biodiversity in Healthy Ecosystems includes fire management and the health of the environment. The total output costs for these programs can be found on pages 211 to 220 of the 2009-10 Budget Paper 3.

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

**(21) Question**

In terms of any major revenue policy changes contained in the 2009-10 budget relating to revenue generation, tax expenditures or concession and subsidies, please explain:

- the assumptions underlying the analysis;
- alternative scenarios considered; and
- the fiscal effect of any tax changes.

**(20) Response**

The 2009-10 Budget does not contain any revenue policy changes for the Department.

**(22) Question**

- a) In relation to 2009-10, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.
- b) Please outline the actual and expected financial impact in 2009-10 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the Department.

**(21) Response**

The 2009-10 Budget does not contain any new revenue initiatives for the Department.

The Department provides a number of licenses and permits, and offers concession rates for applicants with an approved concession card. It does not collect specific information on each fee or charge associated with these licences and permits.

The Department is not yet able to advise the estimated number and cost of concessions to be provided in 2009-10, as this information is collected on a financial year basis. However, based on the 2008-09 financial year, it is expected that the Department will provide around 5000 concessions, at a cost of around \$0.3 million.

In addition, there are several bushfire relief measures announced on 19 February 2009 that fall within the responsibility of the Department. These relate to the waiving of Land Victoria search and registration charges for title and plan searches, amending land titles, replacing title certificates and registering new mortgages.

Revenue foregone is estimated to be approximately \$1 million in 2009-10, but the exact impact will not be known until the end of the 2009-10 year.

**(23) Question**

Please provide a listing of any revenue measures (taxation, fees, fines etc) or any concessions (or subsidies) where changes are more or less than the cost of living adjustment (include the value of such measures and the percentage change).

**(22) Response**

In regards to existing revenue measures, any changes will be in line with CPI, consistent with the Victorian Government policy of automatically indexing certain fees and fines each year for inflation. These can be found on the Department's website.

The 2009-10 Budget does not contain any new revenue measures or concessions for the Department.

**(24) Question**

For the Department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2008-09 and the budget for 2009-10.

**(23) Response**

Income Category	2008-09 Revised \$M	2009-10 Budget \$M	Variance \$M	Variance %	Note
Output Appropriations	1478.2	1027.0	-451.2	-30.5	1
Special Appropriations	7.4	0.0	- 7.4	- 100.0	2
Interest	8.5	7.0	-1.5	-17.6	3
Sale of Goods and Services	88.0	1.2	- 86.8	- 98.6	4
Grants	120.2	98.5	-21.7	-18.1	5
Other Income	211.8	239.0	+ 27.2	+ 12.8	6

Reference: 2009-10 Budget Paper No.4 page 163

- The 2008-09 Revised estimate includes one-off non-recurring funding of \$430.9 million. The major components of this funding provided in 2008-09 relates to bushfire suppression activities and drought relief support in the form of water rate subsidies. The balance of the variation is primarily attributable to the completion of initiatives commenced in prior years,
- The 2008-09 Revised estimate includes future years' appropriation that was brought forward to fund the accelerated delivery of the Living Murray Initiative.
- The 2009-10 Budget estimate for revenue generated from interest has been revised downwards to reflect the current economic situation and the decrease in interest rates.
- The 2008-09 Revised estimate includes non-recurring project funding, primarily for the Shepparton Irrigation Area Modernisation Project.
- The 2008-09 Revised estimate includes non-recurring project funding, primarily for the Living Murray Initiative and the Central Goulburn 1234 project.
- The 2009-10 Budget includes funding for water initiatives, including the Lake Mokoan Water Recovery project.
- Regional and rural considerations

**(25) Question**

- a) What are the critical issues facing regional and rural communities in 2009-10 that depend on services provided by the department (please provide comment relating to particular areas of the State where applicable)?
- b) How does the Department's 2009-10 budget address these issues?

**(24) Response**

- a) The critical issues facing regional and rural communities in 2009-10 are the same as those detailed for the Department as a whole – delivering on the Water Plan, fire management, managing the impact of climate change on the environment and managing the Parks estate.
- b) The Department noted that the critical issues facing rural and regional communities in 2009-10 are the same as those detailed for the Department as a whole.

Therefore, Section 4 above (environmental challenges) also addresses this question.



**(26) Question**

Please provide a table showing for up to five of the Department's largest projects (in terms of expenditure) benefiting regional and rural Victoria the:

- budget allocation for 2009-10 dissected between new and existing projects;
- the purpose of each project;
- how the funding is to be spent; and
- the performance measures in place to assess performance.

**(25) Response**

The Department has a number of projects which benefit regional and rural Victoria. Two key projects with significant expenditure are outlined below.

**Foodbowl Modernisation Project (Stage One).**

This project, now known as the Northern Victoria Irrigation Renewal Project (NVIRP) was announced as part of the Victorian Water Plan. The project, to be delivered by December 2012, will modernise Victoria's food bowl region and upgrade its ageing irrigation infrastructure, and will deliver a long-term average of 225GL of water savings to be shared equally between the environment, irrigators and Melbourne.

In 2009-10, budgeted expenditure is \$153.7 million. The total cost of this project (Stage One) is \$1 billion, with the Victorian Government contributing \$600 million.

The State Owned Enterprise for Irrigation Modernisation in Northern Victoria (trading as NVIRP) is a State Body established under the State Owned Enterprise Act 1992 by an Order in Council dated 20 December 2007. NVIRP regularly reports to its stakeholders, including the Minister for Water, and also publishes an Annual Report.

**Fire Operations**

As noted above, the 2009-10 Budget provides funding of \$344 million for fire suppression and **response** activities, due to the severity of the February 2009 bushfires.

In addition, \$53 million over five years has been provided for further fire preparedness activities. This funding is in addition to existing budget funding, meaning Government's contribution to fire-fighting efforts exceeds \$100 million per annum.

This funding will be spent on a range of fire preparedness activities, including a trial of large-scale mosaic burns. Mosaic burns promote ecological balance by breaking up age classes of vegetation and retaining more habitats across a broad area.

The Department will continue to report on its Land and Fire Management output, which includes a number of performance measures in the annual Budget papers (Budget Paper 3) and in the DSE Annual Report.

**Performance measures**

**(27) Question**

Please provide the rationale for any change in performance measures presented in the budget papers for 2009-10 (including new and discontinued measures).

**(26) Response**

The 2009-10 Budget Paper 3 provides a summary of all Departmental performance measures, including explanations for those measures which have been added, amended or discontinued. Information on the Department's outputs for 2009-10 can be found on pages 212 to 224. Information on discontinued performance measures is located on page 465.

**(28) Question**

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2008-09 and the target for 2009-10, please provide the reasons for the variance.

**(27) Response**

Major outputs/Deliverables	Units of Measure	2009-10 Target	2008-09 Expected Outcome	Comment
<b>Sustainable Water Management and Supply</b>				
Cumulative water savings realised through water recovery projects	mega litres	522 900	369 100	The 2009-10 Target is reflective of the water savings realised as at the end of 2009-10, whereas the 2008-09 Expected Outcome reflects the end of 2008-09.
<b>Public Land</b>				
Beach protection assets repaired	number	3	2	The 2009-10 Target has been increased to reflect the higher number of asset works expected to be completed.
<b>Biodiversity</b>				
Land for Wildlife Properties which include habitat under-represented in the reserve system	per cent	30	37	The 2008-09 Expected Outcome is higher than anticipated due to high levels of community awareness and participation.
<b>Natural Resources</b>				
Community members participating in Landcare activities	number	45 000	26 123	The 2009-10 Target has increased as this measure now reports on the number of members of other community natural resource groups supported by the Department as well as Landcare groups.
<b>Land and Fire Management</b>				
Bridges and stream crossings replaced or repaired to enable safe access for rapid bushfire response, tourism and commercial operators during the current reporting period	number	80	15	The 2008-09 Expected Outcome was impacted due to the severity of the February 2009 bushfires and the need to divert resources to fire suppression activities.
Cumulative number of bridges replaced or repaired to enable safe access for rapid bushfire response, tourism and commercial operators	number	95	15	The 2009-10 Target is reflective of the number of bridges replaced or repaired realised as at the end of 2009-10, whereas the 2008-09 Expected Outcome reflects the end of 2008-09.

## Staffing matters

### (29) Question

Please fully complete the table below, providing actual EFT staff numbers at 30 June 2008 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2009 and 30 June 2010 for the department and its major budget funded agencies.

### (28) Response

#### Employment — Equivalent full-time staff

Classification	30 June 2008 (Actual) (EFT)					30 June 2009 (Estimate) (EFT)					30 June 2010 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Executive Officer	43.8			2.0	<b>45.8</b>	38.0			8.0	<b>46.0</b>	38.0			8.0	<b>46.0</b>
Principal Scientist	5.0	1.0			<b>6.0</b>	7.0	1.0			<b>8.0</b>	7.0	1.0			<b>8.0</b>
Senior Technical Specialist	6.8	1.0			<b>7.8</b>	7.8				<b>7.8</b>	7.8				<b>7.8</b>
VPS 6	264.7	26.8		10.0	<b>301.5</b>	292.8	40.0		17.0	<b>349.8</b>	292.8	40.0		17.0	<b>349.8</b>
VPS 5	362.6	50.5		15.0	<b>377.5</b>	390.0	71.2		15.0	<b>476.2</b>	390.0	71.2		15.0	<b>476.2</b>
VPS 4	418.9	66.4		20.0	<b>505.3</b>	430.4	87.5		19.0	<b>536.9</b>	430.4	87.5		19.0	<b>536.9</b>
VPS 3	523.5	78.2	0.7	29.0	<b>631.4</b>	533.0	92.0	1.7	16.0	<b>642.7</b>	533.0	92.0	1.7	16.0	<b>642.7</b>
VPS 2	187.0	77.9	9.2	10.0	<b>284.1</b>	212.1	77.4	2.3	3.0	<b>294.8</b>	212.1	77.4	2.3	3.0	<b>294.8</b>
VPS 1	2.9	3.4	2.6		<b>8.9</b>	1.9	1.0	1.3	2.0	<b>6.2</b>	1.9	1.0	1.3	2.0	<b>6.2</b>
Science Adaptives	49.9	15.6			<b>65.5</b>	47.2	14.4		1.0	<b>62.6</b>	47.2	14.4		1.0	<b>62.6</b>
Legal Adaptives	16.9	1.0			<b>17.9</b>	16.4	2.0			<b>18.4</b>	16.4	2.0			<b>18.4</b>
Field Staff	223.0	91.0		5.0	<b>319.0</b>	223.0	11.0	1.0		<b>234.0</b>	223.0	11.0	1.0		<b>234.0</b>
Other	6.0		0.4		<b>6.4</b>	1.0				<b>1.0</b>	1.0				<b>1.0</b>
<b>Total</b>	<b>2111.0</b>	<b>412.8</b>	<b>12.8</b>	<b>68.0</b>	<b>2604.6</b>	<b>2200.6</b>	<b>397.5</b>	<b>6.3</b>	<b>81.0</b>	<b>2685.4</b>	<b>2200.6</b>	<b>418.5</b>	<b>6.3</b>	<b>81.0</b>	<b>2685.4</b>

Notes:

Workforce numbers used are based on Annual Reporting Requirements as issued by Department of Treasury and Finance and represent paid FTE.

Funded vacancies reflect an estimate of current recruitment actions at the date.

Workforce and vacancy numbers for 30 June 2009 and 2010 respectively are based on 31 March 2009 data.

The following information relates to the Department's other portfolio agencies.

**Environment Protection Agency**

**Employment — Equivalent full-time staff**

Classification	30 June 2008 (Actual) (EFT)					30 June 2009 (Estimate) (EFT)					30 June 2010 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Non-executive	329	43	0	0	372	383	17	0	0	400	383	17	0	0	400
Executives	0	7	0	0	7	0	7	0	0	7	0	7	0	0	7

## Parks Victoria

## Employment — Equivalent full-time staff

Classification	30 June 2008 (Actual) (EFT)					30 June 2009 (Estimate) (EFT)					30 June 2010 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Grade 1	2.7	5.2	2.2		<b>10.1</b>	2.63	1.66	12.11		<b>16.4</b>	2.63	1.66	12.11		<b>16.4</b>
Grade 2.1	145.0	16.7	2.5	6.0	<b>170.2</b>	135.87	16.92	7.89	1.0	<b>161.7</b>	146.87	31.92	7.89		<b>186.7</b>
Grade 2.2	100.2	1.2		2.0	<b>103.4</b>	100.87			1.0	<b>101.9</b>	100.87	-			<b>100.9</b>
Grade 2.3	108.5	2.1			<b>110.6</b>	167.06	11.61	1.32	2.0	<b>182.0</b>	107.06	21.61	1.32		<b>129.98</b>
Grade 3	76.2	5.0		5.0	<b>86.2</b>	84.68	6.00		1.0	<b>90.7</b>	143.68	6.00			<b>149.68</b>
Grade 4	156.7	6.4		5.0	<b>168.1</b>	102.34	11.00		2.0	<b>115.3</b>	105.34	11.00			<b>116.34</b>
Grade 5	116.3	5.6		2.0	<b>123.9</b>	71.18	11.39		9.0	<b>93.6</b>	72.18	11.39			<b>83.58</b>
Grade 6	90.5	1.0		7.0	<b>98.5</b>	96.82	10.50		3.0	<b>110.3</b>	96.82	10.50			<b>107.32</b>
Grade 7	31.7	1.0		4.0	<b>36.7</b>	43.39	5.00		1.0	<b>49.4</b>	43.39	5.00			<b>48.39</b>
Grade 8	71.4	4.0		4.0	<b>79.4</b>	66.53	3.00		-	<b>69.5</b>	66.53	3.00			<b>69.53</b>
Exec.3	9.8	0.0		2.0	<b>11.8</b>	13.00				<b>13.0</b>	13.00	-			<b>13.00</b>
Exec.2	5.0	0.0			<b>5</b>	6.00				<b>6.0</b>	6.00	-			<b>6.00</b>
Exec.1	1.0	0.0			<b>1</b>	1.00				<b>1.0</b>	1.00	-			<b>1.00</b>
Total	<b>919.0</b>	<b>48.2</b>	<b>4.7</b>	<b>37.0</b>	<b>1008.9</b>	<b>891.37</b>	<b>77.08</b>	<b>21.58</b>	<b>20.0</b>	<b>1,010.0</b>	<b>905.37</b>	<b>102.08</b>	<b>21.58</b>	<b>N/A</b>	<b>1,028.8</b>

Sustainability Victoria

Employment — Equivalent full-time staff

Classification	30 June 2008 (Actual) (EFT)					30 June 2009 (Estimate) (EFT)					30 June 2010 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
VPS1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VPS2	1.5	0	0	1.0	2.5	1.47	1.0	0	0	2.47	2.5	0	0	0	2.5
VPS3	14.6	3.1	0	1.0	18.7	9.8	8.2	0	1	19	14.8	2	0	0	16.8
VPS4	27.2	6.6	0	1.0	34.8	28.6	9.6	0	2	40.2	33.6	3	0	0	36.6
VPS5	34.8	7.4	0	1.0	43.2	31.4	7.6	0	2	41.6	37	2	0	0	39
VPS6	21.4	0	0	1.0	22.4	21.6	3	0	2	26.6	27.6	0	0	0	27.6
STS	0	0	0	0	0	0	0	0	2	2.0	1	1	0	0	2
Executives	0	4.0	0	0	4.0	0	6.0	0	0	6.0	0	6	0	0	6
TOTAL	99.5	21.1	0	5	125.6	92.87	35.4	0	9	137.27	116.5	14	0	0	130.5

## 1.10 Department of Transport

### ***Budget preparation***

**(30)**

#### **(1) Question**

What are the key budget themes underpinning the development of the budget that relate to your Department?

#### **(1) Response**

The key themes for transport in the 2009-10 Budget are:

- Linking rural, regional and metropolitan Victoria - the continued growth of regional Victoria is supported through major investment in transport links to support key regional communities and industries, improve safety on the transport network and meet current demand and future growth.
- Better public transport – trains, buses and trams - significant new capacity will be built into the existing network, while short, medium and long term initiatives will be introduced to extend the reach of the public transport network into growth areas.
- Moving around Melbourne - a range of measures have been funded to deliver new and upgraded roads that cater for all users, while reducing congestion and keeping traffic flowing.
- Shaping Victoria and taking practical steps for a more sustainable state – the budget provides funding for integrating transport and development to enable more people to live closer to their workplaces and opportunities, and initiatives to move towards a more sustainable and low emission transport system.
- Strengthening Victoria's and Australia's economy - investment in projects that improve connections between freight origins and destinations in metropolitan Melbourne and across regional Victoria.

#### **(2) Question**

What impact have developments at the Commonwealth level, including initiatives under the COAG Reform Agenda, had on preparing the Department's component of the 2009-10 State budget?

#### **(2) Response**

Key elements of the COAG Reform Agenda include addressing urban congestion to increase the productive capacity of major cities, and increasing the productivity of the freight sector by achieving regulatory reform and network access for higher productivity freight vehicles.

The 2009-10 Budget concerns a number of initiatives to reduce urban congestion by encouraging more people to cycle, walk and use public transport. These include:

- additional rolling stock for suburban rail networks;
- additional funding for cycling including the public bicycle hire scheme; and
- additional funding for bus services.

In early 2009, the State and Commonwealth Governments entered into a memorandum of understanding for agreed rail and road projects to be delivered under the Nation Building Program (which includes National Network construction projects, formerly named AusLink). This is reflected in the 2009-10 State Budget.

In addition, the Commonwealth Government has contributed funding under its Nation Building and Jobs Package for the blackspot program on the national road network, new boom gates for level crossings and road maintenance.

Victoria is awaiting information from the Commonwealth on which Victorian priority projects may receive Commonwealth funding from the Building Australia Fund. This information is expected to be announced in the Federal Budget on 12 May 2009.

**(3) Question**

Please list the key assumptions (up to five) that have been used to develop the Department's projections for 2009-10.

**(3) Response**

The key assumptions underpinning the department's contribution to the 2009-10 State Budget are:

- State Government funding based on current policy settings and approved budget initiatives,
- Commonwealth funding for road and rail projects through the Nation Building and Jobs Package,
- Motor vehicle taxation estimates based on DTF modelling of demand for car purchases and registration, and
- Economic projections for CPI, population growth etc. based on DTF forecasts.

**(4) Question**

- a) What are the key risks relating to the budget estimates and the economic forecasts (please quantify these where possible)?
- b) How have these risks been managed?
- c) Please describe the economic or key external factors that pose the greatest risk to the Department meeting its budget for 2009-10.
- d) How have these matters been addressed in framing the 2009-10 budget for your Department?

**(4) Response**

- a) Please refer to the response from the Department of Treasury and Finance for this question.
- b) Please refer to the response from the Department of Treasury and Finance for this question.
- c) The economic and key external factors that pose the greatest risk to the department meeting its budget for 2009-10 are:
  - Continuation and worsening of the Global Financial Crisis. Financial volatility will impact business and consumer confidence and therefore adversely impact on growth and revenue; and
  - A shortage of the required workforce skills to deliver the Government's Victorian Transport Plan (VTP).
- d) These risks will be considered via internal and external reviews as part of analysing the project implementation. Revenue from motor vehicle registrations is based on forecast modelling from DTF. The department is also reviewing its workforce needs for the projects to be delivered to ensure it has the appropriate level of capacity.



**(5) Question**

How has the Department ensured that its budget for 2009-10 is reliable in terms of being:

- affordable;
- deliverable; and
- fiscally sustainable?

**(5) Response**

All department budgets are built up on a combination of current costs and anticipated cost movements. They are reviewed for feasibility and phasing and considered for the level of risk. Internal and external peer reviews are conducted on the project proposal to provide further assurance regarding the costings. See also response to Q5.2.

**(6) Question**

In relation to each of the Department's three largest budget initiatives for 2009-10 in terms of funding:

- a) What were the broad choices in terms of service delivery and relevant policy options that the Department was confronted with at the budget development stage;
- b) What were the costings of each policy option?
- c) Please explain the linkages to the areas identified in the Annual Statement of Government Intentions released by the Government in February 2009.

**(6) Response**

Response to (a) and (b):

In December 2008 the Government announced the \$38 billion Victorian Transport Plan. This contained road, rail and freight initiatives for Victorian metropolitan and country areas over the next 12 years.

The 2009-10 Budget reflects the commencement of the VTP implementation. The three major initiatives are the:

- Nation Building Program (Auslink2) - Roads (\$1850.6m)
  - Commitment to purchase 20 X'trapolis Trains and associated maintenance and stabling infrastructure (\$609.5m TEI)
  - South Morang Rail Extension (\$559.1m TEI)
- d) The three initiatives are included in the Statement. The Statement identifies four priority areas, two of which are linked with these initiatives:
- Jobs - creation of jobs in the transport sector
    - provision of infrastructure to keep Victoria's economy strong
    - delivery of projects to meet the demands of the growing population
  - Communities - support planned and connected communities, including addressing public transport crowding and road congestion

**(7) Question**

What programs, if any, have been deferred to future years to reduce financial pressures on the budget and achieve targeted budget surpluses?

**(7) Response**

Please refer to the response from the Department of Treasury and Finance for this question.

## Asset funding

### (8) Question

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2009-10, including each project's TEI. Please include the budget allocation for each.

### (8) Response

Asset Investment Program	2009-10 Budget \$m	TEI \$m
<b>Department of Transport</b>		
Accessible Public Transport in Victoria -DDA Compliance for Train, Tram & Bus	36.8	129.2
City Loop Works	15.0	20.0
Coolaroo Station	27.9	36.0
Country Passenger Rail Network Maintenance and Renewal	41.0	142.3
Country Rail Freight Network Renewal and Maintenance	29.6	57.1
Craigieburn Station Track Upgrade	16.8	29.8
Dandenong Rail Corridor -Stage Two – Westall Rail Upgrade	96.5	151.1
Doncaster Area Rapid Transit	15.3	41.5
Dynon Port Rail Link	9.7	160.3
Greater Geelong Enhanced Bus Improvement Package	1.8	5.9
Improving Train Operations -Rail Service Efficiencies	13.2	111.6
Laverton Rail Upgrade	49.1	92.0
Maryborough Rail Services	19.1	19.1
Metropolitan Bus Improvements	0.9	1.8
Metropolitan Park and Ride Program – Stage 2	10.2	26.9
Metropolitan Station and Modal Interchange Upgrade Program	2.0	8.7
Metropolitan Train Control Reliability Systems Upgrade (METROL)	27.8	87.9
Metropolitan Train Rolling Stock Procurement	234.3	565.8
Metropolitan Train Safety Communications System	55.6	143.9
Mildura Rail Corridor -Freight Upgrade	2.7	73.0
Nation Building Program (AusLink 2) -Altona/Laverton Intermodal Terminal	16.0	40.0
New Stations in Growth Areas	16.4	150.8
New Ticketing Solution	133.6	460.9
New Trams	5.0	5.0
New X'trapolis Trains	104.8	609.5
Noble Park Train Station Upgrade	1.1	1.4
North East Rail Revitalisation	41.3	59.8

<b>Asset Investment Program</b>	<b>2009-10 Budget \$m</b>	<b>TEI \$m</b>
North Melbourne Station Interchange Upgrade	3.0	38.6
Port of Melbourne Rail Access Improvement Package	33.5	33.5
Railway Crossing Upgrade Program	22.9	Ongoing
Regional Rail Freight Network Program	6.5	6.5
Regional Station and Modal Interchange Upgrade Program	2.0	8.7
Regional Train Rolling Stock Procurement	69.4	315.2
SmartBus Green Orbital -Nunawading to Airport West	18.5	29.3
SmartBus Yellow -Stage 2	17.0	37.9
South Morang Rail Extension (including development)	26.4	569.5
Stations and Modal Interchanges Upgrade Program	5.4	20.5
Sunbury Electrification	30.7	194.5
Taxi Rank Safety Program	1.0	4.0
Tram Electrical Upgrade and Maintenance	4.3	9.5
Vigilance Control and Event Recording System (VICERS) on Metro Trains	12.0	37.3
Windsor and Prahran Station Upgrade	2.3	3.0
Wodonga Rail Freight and Urban Redevelopment	82.0	156.5
<b>VicRoads / SEITA Capital Program</b>		
Barwon Heads Bridge Replacement (Barwon Heads)	20.0	40.0
Bass Highway Duplication -King Rd to Woolmers Rd	9.5	27.1
Bass Highway Duplication -Grantville to King Rd	0.4	24.5
Baxter Tooradin New Roundabout -Fultons Rd/Hawkins Rd, Baxter	0.9	5.0
Berwick-Cranbourne Rd Duplication -Pound Rd to Thompsons Rd (Cranbourne North, Clyde North)	0.2	15.0
Better Roads -Regional Victoria Development	5.5	102.4
Breakwater Rd Upgrade (Belmont, Geelong)	20.0	40.0
Colac -Lavers Hill	9.8	15.0
Congestion Improvements Program	12.3	30.0
Congestion Measures	1.2	6.3
Cranbourne-Frankston Rd Duplication – Hall Road to Western Port Highway (Cranbourne)	9.8	30.0
Cycling Package	6.0	13.2
Dingley Arterial	9.5	74.6
Ferntree Gully Road Widening – Jells Road to Stud Road	2.1	32.0
Geelong Ring Road (Stage 3 and 4)	60.0	570.0
Hoddle Street Engineering Investigation	1.3	5.0

Asset Investment Program	2009-10 Budget \$m	TEI \$m
Intersection Improvements Boundary Rd/Lower Dandenong Road -New Signals	0.9	3.0
Kororoit Creek Road Duplication – Grieve Parade to Millers Road	8.8	48.5
Narre Warren – Cranbourne Road Duplication – Centre Road to Pound Road (Narre Warren)	1.0	7.4
Nation Building Program (AusLink 2) -Roads	356.4	1850.6
Noise Walls Program	3.8	13.3
Noise Walls -Monash Fwy	5.9	9.3
Outer Suburban Arterial Roads Program	4.7	29.0
Peninsula Link	72.7	354.3
Pound Road – South Gippsland Highway / South Gippsland Freeway Upgrade	8.3	36.8
Princes Highway West Duplication Stage 1 – Waurin Ponds to Winchelsea	4.0	110.0
Public transport priority treatments in the EastLink corridor	1.7	2.0
Road Safety Infrastructure Program 3	83.0	722.2
Separating Road and Rail Lines	133.5	142.0
Springvale Road New Intersection Signals -Old Warrandyte Rd (Intersection)	1.2	3.0
Thompson Road Duplication (Carrum Downs)	3.2	30.5
Thompson Road Duplication (Cranbourne)	3.1	20.0
Urban Road Management Systems	1.0	1.0
Vineyard Road (Obeid Drive and Mitchells Lane, Sunbury)	2.9	25.0
Western Highway Realignment: Anthony's Cutting	16.3	40.0
Western Port Hwy Duplication – Cranbourne Frankston Road to North Road	4.2	36.8
West-Gate Monash Freeways Improvement Project	395.4	1100.0
Yarra Glen Truck Bypass	11.3	15.0

**(9) Question**

What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the Department's responsibilities?

**(9) Response**

The Victorian Transport Plan details the future infrastructure challenges faced by the Victorian community. This Plan details the Department's responsibility to:

- move Melbourne's rail system to a modern metro-style rail network through major investments such as Regional Rail Link and the Melbourne Metro as well as delivery of new trains that will boost capacity;
- close the gaps in Melbourne's road network, including through construction of the Peninsula Link, the alternative to the WestGate and the North East Link;

- manage the growth in freight traffic by improving supply chain efficiency and protecting the amenity of the inner West through investments in the Port of Melbourne, rail and the Truck Action Plan;
- improve transport links across regional Victoria and Melbourne to support jobs and population growth; and
- minimise transport's impact on the environment and ensuring that transport infrastructure can withstand the effects of climate change.

**(10) Question**

Has the Department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the Department's operations? If so, please provide details of the findings.

**(10) Response**

Development of the Victorian Transport Plan was informed from detailed studies on the long range assessments of future demand and its impact on transport infrastructure and service operations.

This included future projections relating to:

- Public transport patronage growth;
- Transport demand on road and rail networks;
- Future growth of the freight task;
- Population;
- Employment; and
- Economic benefits

The detailed findings were published and are available on the Department's website - [www.transport.vic.gov.au](http://www.transport.vic.gov.au)

**(11) Question**

In relation to the unapplied output and asset funding carried forward to 2009-10, please provide:

- a breakdown of the carried forward funding for both output and asset initiatives;
- the underlying reasons for the Department's funding carryover for each category; and
- the intended revised timing for use of the carried forward funds, including project specific details for asset initiatives.

**(11) Response**

<b>For Output Purposes:</b>	<b>\$m</b>
Local Area Access Demonstration Project	3.5
Local Metropolitan Bus Reviews	1.3
New Ticketing Solution	19.9
TravelSmart Project	1.8
Urban Congestion Projects	8.0
Walking and Cycling	2.3
Other Minor Projects	4.7
<b>Total</b>	<b>41.5</b>
<b>For Capital Purposes:</b>	
Congestion Program	11.2
Country Passenger Rail Network Maintenance	5.5
Geelong Bypass Stage 4	8.8
Laverton Rail Upgrade	12.1
Metropolitan Train Control Reliability	13.9
Metropolitan Train Safety Communications	21.2
New Ticketing Solution	21.9
Smart Bus – Green Orbital	4.6
Vigilance Control and Event Recording	12.0
Westall Rail Upgrade	8.6
Other – includes Westgate Project acceleration of Monash-	(60.9)
<b>Total</b>	<b>58.9</b>

**Output carryover**

Factors include:

- Changes in project scheduling following stakeholder consultation or contract negotiations
- Project payments rescheduled in line with project milestones of successful applicants

**Capital carryover**

Factors include:

- Changes in project scheduling following stakeholder consultation
- Changes to availability of contractor or materials
- Finalisation of planning permits
- Changes to project milestones following awarding of contracts

The carryover funding is intended to be used in 2009-10.

***Efficiencies, savings and productivity improvement*****(12) Question**

In relation to the estimated efficiencies to be derived in 2009-10 (including from the various measures that fall under the umbrella of the Efficient Government policy and the other targeted initiatives, please provide:

- a) a breakdown of all planned efficiency savings for 2009-10 according to the various measures of efficiency that apply to the Department's operations as identified in the 2007-08 and 2008-09 Budgets, and in new measures introduced in the 2009-10 Budget;
- b) an explanation of:
  - how decisions regarding applicable savings measures are to be made;
  - the nature of their expected impact on programs, for example, programs expected to be accelerated, deferred or discontinued; and
  - the basis for estimating the savings target to be achieved for each measure;
- c) particulars of any changes to the Department's allocated savings for 2009-10 from the data shown in the 2007-08 and 2008-09 Budgets; and
- d) a description of any areas earmarked for productivity improvement in 2009-10.

**(12) Response**

- a) The Efficient Government policy and other targeted initiative required the department to achieve savings through implementation of the following measures:
  - A "Buying Smarter, Buying Less" purchasing framework which applied to all purchases of operating supplies and consumables from 1 July 2007;
  - Head Office savings including those delivered through Shared Services functions such as Corporate Services (Finance, HR) and ICT (Desktop, Applications, Infrastructure);
  - Reduction in advertising and consultancies expenditure;
  - Increased operational efficiencies via Best Practice Grant Administration;
  - Reduction in fleet management costs through better use of technology, centralised databases and facilities; and
  - Reduction in WorkCover and insurance premiums.
- b) All programs and activities of the department are reviewed to identify potential savings areas. A large proportion of the department's budget is committed to contractual public transport payments, high priority services and essential transport infrastructure projects. These areas are protected from savings measures. Exceptions to this are where efficiencies can be achieved through system, procurement and productivity improvements. Savings are generally targeted to areas of discretionary activity that will not impact on service and project delivery.

The 2009-10 State Budget includes a new efficiencies savings requirement for the Department of \$15m in 2009-10, \$22.5m in 2010-11 and \$30m in 2011-12.

- c) There are no changes to the department's allocated savings for 2009-10 from the data shown in the 2007-08 and 2008-09 budgets.
- d) The 2009-10 Budget includes a new efficiencies savings requirement for the department of \$15m in 2009-10, \$22.5m in 2010-11 and \$30m in 2011-12. These savings will be met mainly from increased administrative efficiency.

## ***Environmental challenges***

### **(13) Question**

- a) What are the key environmental issues that are predicted to have an impact on services delivered by the Department's portfolios in 2009-10?
- b) How have these issues been addressed in the Department's budget estimates for 2009-10?
- c) Please list up to five projects or programs worth over \$1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2008-09 and 2009-10 for existing projects if applicable).

### **(13) Response**

- a) The Victorian Government is committed to building a more efficient and less polluting transport system to help Victorians preserve their environment.

Climate change will be a key issue for the department's portfolios in 2009-10 and beyond, both in terms of developing and implementing a sustainable transport strategy to minimise greenhouse gas emissions and the carbon footprint of transport activities, as well as ensuring that transport infrastructure (such as rail track, rolling-stock, roads and bridges, port facilities etc.) can withstand the effects of more extreme weather conditions. In the short term, the challenge is to also manage the risk of operational disruptions while new designs and infrastructure are modified to make them more resilient to expected changes in Victoria's climate.

In addition to this, the department's portfolios will be working to ensure that other environmental issues such as noise, air pollution and impacts to bio-ecosystems arising from transport services and activities are addressed. Some examples of this include meeting the Government's Native Vegetation Management framework for road programs and initiatives to manage noise from road traffic.

- b) The Victorian Transport Plan incorporates a number of initiatives that will help make transport activity in Victoria more environmentally sustainable. New infrastructure funded under the Victorian Transport Plan in the 2009-10 Budget will be designed and developed to take account of expected climatic conditions over the life of the assets, ensuring it is climate change resilient.

In addition to funding and initiatives that increase the frequency, reliability and safety of public transport, the 2009-10 Budget provides funding for a first tranche of initiatives to move towards a more sustainable and low emissions transport system, including:

- \$13.2m TEI for bicycle lanes and shared walking and cycling paths, including the extension of the Federation Trail between Millers Road and Williamstown;
- \$13.3m TEI for noise-walls to retrofit sections of freeways and arterial roads with sound barriers to protect neighbouring homes from road noise;
- \$5m over four years for a new public bicycle hire scheme in inner Melbourne;
- \$4.2m and \$5.4m over four years, to encourage change in travel behaviour by providing initiatives to use low emission vehicles and car pooling programs, respectively.



Other initiatives include:

- the ongoing TravelSmart and Local Area Access programs;
- implementation of the VicRoads Sustainable Procurement Policy, including investigating the use of materials with low embodied energy;
- the development of a system to record and track native vegetation net gain requirements for road construction; and
- the investigation of options for increased use of alternative materials in road construction to improve the sustainability outcomes and reduce carbon emissions during construction.

The department will also be preparing a comprehensive portfolio-wide assessment of climate change risks, which is due to be completed mid 2009. The results of this assessment will be used to help inform future budget estimates.

c) The following five projects have been provided over \$1million in the Budget to address environmental issues:

- \$4.2m over four years for low emission vehicles, of which some planning has occurred in 2008-09 requiring only minimal funding;
- \$5.4m over four years for carpooling initiatives, of which some planning has occurred in 2008-09 requiring only minimal funding;
- \$5m over four years for a public bicycle hire scheme in inner Melbourne, of which some work has been undertaken in 2008-09 in preparation of a Request For Tender to the market requiring only minimal funding;
- \$13.3m TEI for the noise-walls program. This is in addition to the retrofitting that is currently occurring on the Monash and Princes Freeways where \$2.3m is allocated in 2008-09, with a further \$10.9m budgeted for the continuation of these projects in 2009-10. The TEI of the Monash and Princes Freeway projects is \$21.6m with works planned to be completed by 2011; and
- \$13.2m TEI for bicycle lanes and shared walking and cycling paths. This is in addition to the \$7.9m (2008-09) and \$12.8m (2009-10) being spent on the current program.

#### **(14) Question**

What initiatives are planned by the Department in 2009-10 to enhance reporting of the mandatory and optional office-based environmental indicators identified in FRD 24C.

#### **(14) Response**

The department is continuing to pursue a range of energy saving actions in 2009-10, including ensuring that new office fit outs are energy efficient, continuing to limit the growth of peripheral electronic equipment, continuing to encourage people to switch off PCs after hours and distributing 'Switch Off, Save Energy' stickers. The department is also committed to purchasing 25% Green Power by 2010. Annual energy use per square metre in 2009-10 is expected to be least 20% lower than consumption in 1999-00.

In relation to paper use, the department has implemented an improved record keeping system and framework that reduces paper requirements by electronically holding information and data. Continuing education and training on the use of this system is expected to reduce paper usage in 2009-10. Printers in the department have been set to default to double sided printing. An audit of printers is planned to ensure that printers retain the default setting.

Education and reminders to departmental staff regarding the correct use of the waste facilities and increased use of recycling will continue to reduce the amount of waste and landfill generated.

The department will continue to reduce greenhouse gas emissions by purchasing more hybrid and four cylinder vehicles and promoting the use of ethanol blended petrol where practical.

Promotion of water conservation will be progressed through regular campaigns and investigation into the use of water saving schemes or devices. The department will continue to purchase appliances covered by minimum energy and water standards and ensure that all A4 copy paper purchased contains at least 50% recycled-content.

Along with this, VicRoads currently reports on energy, waste, fuel and water consumption associated with all managed offices. In 2009-10, this reporting will be extended across all offices and depots. VicRoads is also seeking to develop a software tool for tracking energy, waste and water data, and calculating and monitoring key performance indicators and carbon emissions based on this data.

Greenhouse gas emissions have been calculated for VicRoads to provide a base year for reporting, but gaps exist for traffic lights and street lighting. During 2009, these data gaps will be addressed such that a comprehensive and verifiable greenhouse inventory will be reported for 2009-10.

## ***Spending***

### **(15) Question**

Please outline any major expenditure policy shifts in 2009-10. In relation to these, please explain:

- the assumptions underpinning the policy decision;
- alternative scenarios considered; and
- fiscal effects.

### **(15) Response**

There have been no major expenditure policy shifts for the Transport Department. In December 2008 the Government reaffirmed its commitment to investment in transport with the announcement of the \$38m Victorian Transport Plan.

### **(16) Question**

What processes have been applied by the Department to ensure that new programs have been rigorously costed?

### **(16) Response**

The department uses a detailed costing model to develop a risk adjusted project cost at the 90% probability level in developing cost estimates for its asset proposals. These estimates are peer reviewed before they are incorporated into the business case for the asset proposal.

Business cases for asset proposals over \$10 million are developed and formally reviewed using the department's project management and quality assurance processes, where the reviews are undertaken by internal and external independent reviewers.

### **(17) Question**

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2008-09 and the target for 2009-10 for individual outputs.

**(17) Response**

Output	2009-10 Target \$m	2008-09 Expected Outcome \$m	Variance %	Explanation of variance
Road Safety and Regulation	177.7	144.5	23.0	Additional funding from the federal Nation Building and Jobs Plan for blackspot projects.
Integrated and Sustainable Transport Development	50.1	40.9	22.5	Primarily reflects new projects approved in the 2009-10 Budget and the carryover of funding for some grants programs.
Public Transport Infrastructure Development	188.6	115.5	61.0	Reflects the implementation of the New Ticketing System which requires a number of one-off costs.

**(18) Question**

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2008-09 and the budget for 2009-10, please provide an explanation.

**(18) Response**

Not Applicable – the variation is less than 10 %.

**(19) Question**

Please provide a tabular dissection of the Department's 2009-10 budget and expected expenditure for 2008-09 under the Government's key themes presented annually in the Victorian Budget Overview differentiating between new funding initiatives and ongoing funding.

**(19) Response**

	2008-09 Expected Outcome \$m	2009-10 Budget \$m
Bushfire Recovery	15	-
Building a Transport Network for the Future	221	918
Linking Rural, Regional and Metropolitan Victoria	10	99
Total	246	1,017

**Revenue initiatives, departmental income (fees, fines, taxation measures, concessions and subsidies) and tax expenditures****(20) Question**

In terms of any major revenue policy changes contained in the 2009-10 budget relating to revenue generation, tax expenditures or concession and subsidies, please explain:

- the assumptions underlying the analysis;
- alternative scenarios considered; and

- the fiscal effect of any tax changes.

**(20) Response**

The only major revenue policy change in the 2009-10 State Budget for the Department of Transport is the release of an additional 330 metropolitan wheelchair accessible taxis (WAT) licences and 200 conventional taxi licences.

The increase in taxi licences addresses the under supply of taxis in greater Melbourne, particularly at peak times. The initiative is due, in part, to the Government's response to the Essential Services Commission's Taxi Fare Review 2007-08.

An additional 330 metropolitan WAT licences will raise the proportion of WAT's of the total metropolitan fleet to 15 percent.

The estimated revenue from the initiative is:

<b>2009-10 \$m</b>	<b>2009-11 \$m</b>	<b>Total \$m</b>
146.0	47.4	193.4

The revenue estimates have been based on knowledge of the traded price of taxi licences and experience of the impact on the capital value of licences when additional licences are issued.

The only major concession and subsidy change in the 2009-10 State Budget for the Department of Transport relates to the Multi Purpose Taxi Program (MPTP). The MPTP entitles eligible card holders to a 50 per cent subsidy from the Government for each taxi trip.

From 13 December 2008, the MPTP trip cap increased from \$30 to \$60 and the annual subsidy cap from \$1090 to \$2180.

**(21) Question**

- a) In relation to 2009-10, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.
- b) Please outline the actual and expected financial impact in 2009-10 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the Department.

**(21) Response**

See Question above

**(22) Question**

Please provide a listing of any revenue measures (taxation, fees, fines etc) or any concessions (or subsidies) where changes are more or less than the cost of living adjustment (include the value of such measures and the percentage change).

**(22) Response**

Not applicable

**(23) Question**

For the Department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2008-09 and the budget for 2009-10.

**(23) Response**

Operating Statement Income	2008-09 Revised \$m	2009-10 Budget \$m	Variance %	Explanation of variance
Output Appropriation	3,963.9	4,460.5	12.5	Additional revenue primarily relates to new output initiatives in 2009-10 and the full-year impact of initiatives approved in prior years, indexation, the capital charge for rail assets held by VicTrack and Nation Building (Auslink2) road projects.
Fair value of assets and services	23.1	6.0	(74.0)	Value of road assets received from ConnectEast and local government varies each year.

**Regional and rural considerations****(24) Question**

- a) What are the critical issues facing regional and rural communities in 2009-10 that depend on services provided by the department (please provide comment relating to particular areas of the State where applicable)?
- b) How does the Department's 2009-10 budget address these issues?

**(24) Response**

- a) Victoria in Future 2008 forecasts that Victoria's population will increase by nearly 2.3 million people over the 30 years from 2006 to 2036. This is an increase from 5.1 million in 2006 to 7.4 million in 2036, an increase of 44.2 per cent. In this same period, regional Victoria's population is forecast to increase by 34% from 1.4 million to nearly 1.9 million. It is expected that 40 per cent of this growth will occur in Geelong, Ballarat and Bendigo, representing a significant increase in population for each of these cities.

Efficient and effective transport supports growth, connects businesses to customers, connects primary producers to markets, links communities and provides the population with access to employment and social opportunities. This includes planning for and delivering road and rail freight, and public transport improvements between Melbourne and regional centres and other key routes to support regional development.

The department and its portfolio agencies will continue to work with local government, rural communities (including businesses) and other agencies to develop solutions for a sustainable, integrated transport network that meets the needs of current and future populations.

- b) The 2009-10 Budget will provide transport investment to support growth in regional Victorian communities and industries, including:
  - \$716m in total TEI to commence a number of Nation Building (AusLink2) road projects in regional locations in partnership with the Commonwealth;
  - \$102.4m to deliver improvements and upgrades to the regional arterial roads ;
  - \$8.7m to upgrade railway stations in regional Victoria;

- \$19.1m TEI and \$8.5m over four years to re-establish passenger train services to Maryborough;
- \$5.9m TEI and \$17m over four years to improve bus services in the Greater Geelong region;
- \$6.5m TEI and \$49m over four years to upgrade and maintain ‘gold’ and ‘silver’ freight lines on the regional networks; and
- \$40m TEI for the Altona/Laverton Intermodal terminal to provide improved rail freight access and capacity.

Also in 2009-10, a range of planning activities are being undertaken to support future investment decision making for regional transport requirements, such as continuation of planning for Regional Rail Link, completion of a review of Victoria’s Rural Arterial Road Network Strategy, completion of planning along the Healesville-Koo Wee Rup corridor etc.

**(25) Question**

Please provide a table showing for up to five of the Department’s largest projects (in terms of expenditure) benefiting regional and rural Victoria the:

- budget allocation for 2009-10 dissected between new and existing projects;
- the purpose of each project;
- how the funding is to be spent; and
- the performance measures in place to assess performance.

**(25) Response**

<b>Project</b>	<b>2009-10 Budget (\$m)</b>	<b>Comment</b>
Geelong Ring Road Stage 4 (existing)	46	This project will connect the Geelong Ring Road to Princes Highway West. Funding is provided for capital expenditure.
Nation Building (AusLink 2) – Roads (new – total TEI \$1850.6m)	49	The Government will commence a number of road projects of national importance in regional locations. Funding is provided for capital expenditure.
North East Rail Revitalisation (including Wodonga Bypass) (new and existing)	157	This project will remove the rail line from the centre of Wodonga, convert 200 kilometres of broad gauge track to standard gauge and undertake associated works in the Dynon/Port precinct. Funding is provided for capital expenditure.
Regional Train Stock Procurement (existing) Rolling	69	This project involves the purchase of additional carriages, stabling and associated operating costs for the VLocity regional rail fleet. Funding is provided for capital expenditure.

Project evaluation will assess a range of performance measures including travel time, safety (accident rates etc.) and accessibility.

**Performance measures**

**(26) Question**

Please provide the rationale for any change in performance measures presented in the budget papers for 2009-10 (including new and discontinued measures).

**(26) Response**

The Integrated and Sustainable Transport Development output was established from the previous Integrated Transport Policy and Planning output to provide a greater focus on integrated transport planning and development of sustainable transport solutions.

Cycling and pedestrian projects have been moved from the Road Network Improvements output to the Integrated and Sustainable Transport Development output. The responsibility for Major Projects Victoria has been transferred to the Department of Innovation, Industry and Regional Development, due to a Machinery of Government change in 2008. This change has been reflected in the current output statement.

Other changes to the Department's performance measures can be broadly categorised into:

- new performance measures to reflect new or changed activities, or the next phases of multi-year projects;
- improvement in the description of performance measures to better reflect activities undertaken; and
- discontinued measures to reflect the actual completion of the activity, or where the measure has been replaced with a new/improved performance measure.

Further details of these changes can be found in Chapter 3 and Appendix C of the 2009-10 Budget Paper No. 3. A summary from this document of discontinued and new/changed performance measures is provided below.

**Discontinued performance measures**

The following table is an extract from the 2009-10 Budget Paper No.3, Appendix C – discontinued performance measures.

<b>Major Outputs/Deliverables Performance Measures</b>	<b>Existing Unit Of Measure</b>	<b>2008-09 Expected Outcome</b>	<b>2008-09 Target</b>	<b>2007-08 Actual</b>
<b>Marine Safety and Regulation</b>				
Quantity				
Recreational vessel compliance with registration requirements(a)	per cent	96	96	95.8
Quality				
Recreational boat operator compliance with licensing requirements(a)	per cent	100	100	97.2
<b>Road Network Improvements</b>				
Quantity				
EastLink Project: Concession Deed identified, project groups and other concession management committees meet at agreed frequency(b)	per cent	100	100	100
Quality				
Design and construction issues for EastLink progressively identified and resolved with Concessionaire(b)	per cent	100	100	100
Operating and service delivery issues for EastLink progressively identified with the Concessionaire(b)	per cent	100	100	nm

## Report on the 2009-10 Budget Estimates

Major Outputs/Deliverables Performance Measures	Existing Unit Of Measure	2008-09 Expected Outcome	2008-09 Target	2007-08 Actual
SEITAs risk management plan reviewed and mitigation strategies in place(b)	number of reviews	4	4	4
Timeliness				
Major design and construction milestones for EastLink reviewed and reported(b)	per cent	100	100	100
<b>Infrastructure Security and Emergency Management</b>				
Quantity				
Strategic policy briefings to the portfolio Ministers(c)	number	30	30	nm
<b>Public Transport Infrastructure Development</b>				
Quantity				
Projects continuing: Wodonga Rail Bypass(d)	number	1	1	1
Track duplication – Clifton Hill to Westgarth: main works packages(e)	per cent	100	80	20
Timeliness				
Craigieburn Crossovers and Signalling: concept design completed(f)	date	qtr 4	qtr 4	nm
Dandenong Rail Corridor Stage 2 – Westall Rail Upgrade: award contract(f)	date	qtr 4	qtr 4	nm
Development of new integrated public transport ticketing solution : customer involvement in regional bus pilot(f)	date	qtr 2	qtr 2	nm
Laverton Rail Upgrade: award contract(f)	date	qtr 3	qtr 3	nm
Metrol Replacement: interface demonstrations completed for core Metrol systems(f)	date	qtr 2	qtr 3	nm
Metropolitan Train Communications System replacement: detailed system design completed(f)	date	qtr 4	qtr 4	nm
North Melbourne Station Interchange Upgrade: completion of works on concourse(f)	date	qtr 4	qtr 4	nm
SmartBus: Green Orbital Stage 2 – Nunawading to Airport West(f):				
• construction works commence on road priority treatments	date	qtr 1	qtr 2	nm



Major Outputs/Deliverables Performance Measures	Existing Unit Of Measure	2008-09 Expected Outcome	2008-09 Target	2007-08 Actual
• construction works commence on bus stop upgrade works	date	qtr 4	qtr 4	nm
SmartBus: Red Orbital – Box Hill to Altona(f):				
• construction works completed for on road priority treatments	date	qtr 4	qtr 4	nm
• construction works completed for bus stop upgrade works	date	qtr 2	qtr 3	nm
• services commence	date	qtr 4	qtr 3	nm
Vigilance Control and Event Recording System (VICERS): completion of commissioning of VICERS on Comeng fleet(f)	date	qtr 4	qtr 2	nm
<b>Freight, Logistics, Ports and Marine Development</b>				
Quantity				
Dynon Port Rail Link: design and construction of bridge, road and rail works (excluding signalling) (f)	per cent	100	90	44
Geelong Port Rail Access: planning and construction(f)	per cent	100	100	30
Projects Continuing: Rail Gauge Standardisation(g)	number	1	1	1
Timeliness				
Dynon Port Rail Link: complete Appleton Dock Road(f)	date	qtr 1	qtr 1	na
Dynon Port Rail Link: complete Customs Access Road(f)	date	qtr 1	qtr 1	na

**Notes:**

- (a) *This output measure is replaced by two new measures 'Recreational vessel and operator compliance with both registration and licensing requirements' and 'Recreational vessel compliance with safety equipment and operational behaviour'.*
- (b) *The EastLink project has been constructed and was opened in June 2008 to the public five months ahead of schedule.*
- (c) *This output measure is replaced by a new measure 'Provide advice to the portfolio Ministers on policy issues within required timeframes' to more accurately reflect activities undertaken.*
- (d) *This output measure is replaced by a new quantity measure 'Wodonga Rail Bypass' to measure the progress of the project.*
- (e) *Main works will be completed in 2008-09, with practical completion in the fourth quarter. Landscaping and property disposal scheduled for 2009-10.*
- (f) *This measure was/is expected to be completed in 2008-09.*
- (g) *Rail Gauge Standardisation is being progressed on an individual project by project basis. A new 2009-10 performance measure for 'North East Rail Gauge Standardisation' has been introduced.*

**New/Changed performance measures**

The following table is an extract from the 2009-10 Budget Paper No.3, Chapter 3 – Departmental Output Statements.

**Report on the 2009-10 Budget Estimates**

Major outputs/Deliverables Performance Measures	Unit of Measure	2009-10 Target	2008-09 Expected Outcome	2008-09 Target	2007-08 Actual
<b>Public Safety and Security</b>					
<b>Public Transport Safety and Regulation</b>					
<b>Quantity</b>					
Active advance warning signs(a)	number	29	nm	nm	nm
<b>Marine Safety and Regulation</b>					
<b>Quantity</b>					
All relevant registered training organisations and training providers audited(b)	per cent	100	na	na	100
<b>Quality</b>					
Designated waterways audited to assess adequacy of vessel operating and zoning rules(c)	per cent	15	15	15	20.5
Recreational vessel and operator compliance with both registration and licensing requirements(d)	per cent	85	nm	nm	nm
Recreational vessel compliance with safety equipment and operational behaviour(e)	per cent	85	nm	nm	nm
<b>Infrastructure Security and Emergency Management</b>					
<b>Quantity</b>					
Contribution to multi-agency exercise management and coordinate DOT portfolio involvement(e)	number	3	nm	nm	nm
Leadership of, or contribution to, strategic security and emergency management coordination sessions and workshops(f)	number	32	112	32	96
Major infrastructure security and emergency management exercises coordinated by DOT consistent with the required standards(g)	number	2	2	2	1
Minor infrastructure security and emergency management exercises coordinated by DOT consistent with the required standards(h)	number	3	3	3	6
<b>Quality</b>					

Major outputs/Deliverables Performance Measures	Unit of Measure	2009-10 Target	2008-09 Expected Outcome	2008-09 Target	2007-08 Actual
Review of risk management plans of declared essential services for terrorism(i)	per cent cumulative	85	85	85	90
Supervision of exercises to test declared essential services risk management plans for terrorism(j)	per cent	100	100	100	100
<b>Timeliness</b>					
Initiation of agreed recommendations in response to infrastructure security and/or emergency management reviews(k)	per cent	100	100	100	100
Provide advice to the portfolio Ministers on policy issues within required timeframes(l)	per cent	100	nm	nm	nm

**Notes:**

- (a) *New performance measure for 2009-10 to install active advance warning signs at railway crossings. At some locations this program is being done in conjunction with upgrades to railway crossings.*
- (b) *This performance measure replaces the 2008-09 performance measure 'All accredited training providers audited'. The 2009-10 performance measure is the same as the 2008-09 measure except for changes in wording to better reflect organisations subject to audit, and measures the exact same activity as per performance measure in 2008-09. The audit is undertaken every two years.*
- (c) *This performance measure replaces the 2008-09 performance measure 'Victorian waterways audited to assess adequacy of vessel operating and zoning rules'. The 2009-10 performance measure is the same as the 2008-09 measure except for changes in wording to better reflect waterways that are subject to audit, and measures the exact same activity as per performance measure in 2008-09.*
- (d) *New performance measures that replaces two 2008-09 performance measures, 'Recreational vessel compliance with registration requirements' and 'Recreational boat operator compliance with licensing requirements', and is based on an improvement in measurement involving a larger set of recreational vessel types audited.*
- (e) *New performance measure reflecting the activities to be undertaken in 2009-10.*
- (f) *This performance measure replaces the 2008-09 performance measure 'Participation in strategic security and emergency management coordination sessions'. The 2009-10 performance measure is the same as the 2008-09 measure except for the changes in wording to better reflect the activities undertaken, and measures exactly the same activity as per the performance measure in 2008-09.*
- (g) *This performance measure replaces the 2008-09 performance measure 'Major infrastructure emergency exercises coordinated by DOT consistent with the required standards'. The 2009-10 performance measure is the same as the 2008-09 measure except for changes in wording to better reflect the activities undertaken, and measures exactly the same activity as per the performance measure in 2008-09.*
- (h) *This performance measure replaces the 2008-09 performance measure 'Minor infrastructure emergency exercises coordinated by DOT consistent with the required standards'. The 2009-10 performance measure is the same as the 2008-09 measure except for changes in wording to better reflect the activities undertaken, and measures exactly the same activity as per the performance measure in 2008-09.*
- (i) *This performance measure replaces the 2008-09 performance measure 'Review of risk management plans of declared essential services'. The 2009-10 performance measure is the same as the 2008-09 measure except for the changes in wording to better reflect the activities undertaken, and measures exactly the same activity as per the performance measure in 2008-09.*

## Report on the 2009-10 Budget Estimates

- (j) *This performance measure replaces the 2008-09 performance measure 'Supervise exercises to test declared essential services risk management plans'. The 2009-10 performance measure is the same as the 2008-09 measure except for the changes in wording to better reflect the activities undertaken, and measures exactly the same activity as per the performance measure in 2008-09.*
- (k) *This performance measure replaces the 2008-09 performance measure 'Agreed recommendations initiated in response to infrastructure security reviews'. The 2009-10 performance measure is the same as the 2008-09 measure except for the changes in wording to better reflect the activities undertaken, and measures exactly the same activity as per the performance measure in 2008-09.*
- (l) *New performance measure that replaces the previous performance measure entitled 'Strategic policy briefings to the portfolio Ministers' to more accurately reflect activities undertaken.*

Major outputs/Deliverables Performance Measures	Unit of Measure	2008-09 Target	2007-08 Expected Outcome	2007-08 Target	2006-07 Actual
<b>Public Transport Services</b>					
<b>Rural and Regional Public Transport Services</b>					
Quality					
Rolling stock annual plan meets specifications in the Rolling Stock Management Plan for V/Line trains <sup>(a)</sup>	per cent	100	100	100	100
<b>Specialist Transport Services</b>					
Quantity					
Disability Discrimination Act (DDA) compliance for public transport infrastructure:					
upgrades to various access features at metropolitan stations <sup>(b)</sup>	per cent	6	nm	nm	nm
upgrades to various access features at regional stations <sup>(b)</sup>	per cent	6	nm	nm	nm
Quality					
Transport treatments completed within agreed scope or standards <sup>(c)</sup>	per cent	100	100	100	100

### Notes:

- (a) *This performance measure replaces the 2008-09 performance measure 'Rolling stock annual plan meets specifications in the Partnership Agreement: V/Line train'. The 2009-10 performance measure is the same as the 2008-09 measure except for changes in wording to better reflect the activities undertaken, and measures the exact same activity as per performance measure in 2008-09.*
- (b) *New performance measure reflecting the activities to be undertaken in 2009-10.*
- (c) *This performance measure replaces the 2008-09 performance measure 'Transport access projects completed within agreed scope or standards'. The 2009-10 performance measure is the same as the 2008-09 measure except for changes in wording to better reflect the activities undertaken, and measures the exact same activity as per performance measure in 2008-09.*

Major outputs/Deliverables Performance Measures	Unit of Measure	2008-09 Target	2007-08 Expected Outcome	2007-08 Target	2006-07 Actual
<b>Integrated Transport Planning, Delivery and Management</b>					
<b>Integrated and Sustainable Transport Development</b>					
Quantity					
Carpooling program participants <sup>(a) (b)</sup>	number	26	nm	nm	nm
Cycling projects completed <sup>(c)</sup>	number	17	13	12	15
Low Emission Vehicles program: Commercial fleets engaged <sup>(a)</sup>	number	60	nm	nm	nm
Pedestrian projects completed <sup>(c)</sup>	number	16	11	12	13
Planning and coordination of transport infrastructure projects in Central Activity Districts <sup>(a)</sup>	number	6	nm	nm	nm
Quality					

**Appendix 1: Department of Transport**

<b>Major outputs/Deliverables Performance Measures</b>	<b>Unit of Measure</b>	<b>2008-09 Target</b>	<b>2007-08 Expected Outcome</b>	<b>2007-08 Target</b>	<b>2006-07 Actual</b>
Carpooling program progressed within agreed scope or standards <sup>(a)</sup>	per cent	100	nm	nm	nm
Timeliness					
Low Emission Vehicles Program: Establish average government fleet CO2 emissions intensity target <sup>(a)</sup>	date	qtr 4	nm	nm	nm
Projects in Central Activities Districts progressed to agreed plans and timeframes <sup>(a)</sup>	per cent	100	nm	nm	nm
Public Bicycle Hire Scheme: contract award <sup>(a)</sup>	date	qtr 3	nm	nm	nm
Strategic integrated transport input into the development of new growth areas is provided within agreed timelines <sup>(a)</sup>	per cent	100	nm	nm	nm
<b>Public Transport Infrastructure Development</b>					
Quantity					
Dandenong Rail Corridor – Westall Station & Stabling Upgrade <sup>(d)</sup>	per cent	50	nm	nm	nm
Laverton Rail Upgrade <sup>(d)</sup>	per cent	60	nm	nm	nm
Wodonga Rail Bypass <sup>(d)</sup>	per cent	70	nm	nm	nm
Timeliness					
Craigieburn Crossovers and Signalling:					
detailed design completed <sup>(e)</sup>	date	qtr 1	nm	nm	nm
early works for construction <sup>(e)</sup>	date	qtr 2	nm	nm	nm
Dandenong Rail Corridor Stage 2 – Westall Rail Upgrade:					
• complete design <sup>(e)</sup>	date	qtr 2	nm	nm	nm
• commence construction – station <sup>(e)</sup>	date	qtr 2	nm	nm	nm
• commence construction – stabling <sup>(e)</sup>	date	qtr 3	nm	nm	nm
Development of new integrated public transport ticketing solution:					
• start metropolitan live operations <sup>(e)</sup>	date	qtr 2	nm	nm	nm
• start regional and coach live operations <sup>(e)</sup>	date	qtr 4	nm	nm	nm
Doncaster Area Rapid Transit (DART):					
• design development completed for bus stop upgrades <sup>(a)</sup>	date	qtr 2	nm	nm	nm
• design development completed for bus priority treatments <sup>(a)</sup>	date	qtr 3	nm	nm	nm
• construction works commence for bus stop upgrade works <sup>(a)</sup>	date	qtr 4	nm	nm	nm
Growth Area Stations Program					
• complete preliminary design program <sup>(a)</sup>	date	qtr 3	nm	nm	nm
• request for tenders issued <sup>(a)</sup>	date	qtr 4	nm	nm	nm
Metrol Replacement: Delivery of simulator (traffic and interlocking simulator available)	date	qtr 2	nm	nm	nm

**Report on the 2009-10 Budget Estimates**

Major outputs/Deliverables Performance Measures	Unit of Measure	2008-09 Target	2007-08 Expected Outcome	2007-08 Target	2006-07 Actual
for application data checking) (e)					
Metropolitan Train Communications System replacement:					
• trial system acceptance <sup>(e)</sup>	date	qtr 2	nm	nm	nm
• system infrastructure installed <sup>(e)</sup>	per cent	50	nm	nm	nm
North Melbourne Station Interchange Upgrade: complete work on new station building(e)	date	qtr 4	nm	nm	nm
SmartBus: Green Orbital Stage 2 – Nunawading to Airport West:					
• construction works completed for bus stop upgrades works <sup>(e)</sup>	date	qtr 3	nm	nm	nm
• services commence <sup>(e)</sup>	date	qtr 4	nm	nm	nm
• construction works completed for on- bus road priority treatments <sup>(e)</sup>	date	qtr 4	nm	nm	nm
SmartBus: Yellow Orbital Stage 2 – Ringwood to Melbourne Airport:					
• design development completed for bus stop upgrades <sup>(a)</sup>	date	qtr 2	nm	nm	nm
• design development completed for bus priority treatments <sup>(a)</sup>	date	qtr 3	nm	nm	nm
• construction works commence for bus stop upgrade works <sup>(a)</sup>	date	qtr 4	nm	nm	nm
South Morang Rail Extension					
• tenders sought for work packages <sup>(a)</sup>	date	qtr 2	nm	nm	nm
• award contract for work packages <sup>(a)</sup>	date	qtr 4	nm	nm	nm
Sunbury Electrification					
• tenders sought for works packages <sup>(a)</sup>	date	qtr 2	nm	nm	nm
• award Contract for work packages <sup>(a)</sup>	date	qtr 4	nm	nm	nm
Train Supervisory Control and Data Acquisition (SCADA) Replacement: complete procurement phase and award contract(a)	date	qtr 4	nm	nm	nm
Tram Automatic Vehicle Monitoring (AVM) System Replacement: complete procurement phase and award contract(a)	date	qtr 4	nm	nm	nm
Vigilance Control and Event Recording System (VICERS):					
• commence installation on Siemens <sup>(f)</sup>	date	qtr 3	na	na	na
• commence installation on Xtrapolis fleet <sup>(f)</sup>	date	qtr 1	na	na	na
<b>Road Network Improvements</b>					
Timeliness					
Peninsula Link:					
• Expressions of Interest shortlisted <sup>(a)</sup>	date	qtr 1	nm	nm	nm
• Contract close <sup>(a)</sup>	date	qtr 3	nm	nm	nm
Peninsula Link: major design and construction milestones reviewed and reported(a)	per cent	100	nm	nm	nm
<b>Road Asset Management</b>					
Structures with Level 4 defects(g):					
• Metropolitan	per cent	1.2	1.2	1.2	1.8
• Regional	per cent	3.2	3.2	3.2	3.0
<b>Freight, Logistics, Ports and Marine Development</b>					

Major outputs/Deliverables Performance Measures	Unit of Measure	2008-09 Target	2007-08 Expected Outcome	2007-08 Target	2006-07 Actual
Quantity					
Altona/Laverton Intermodal Terminal works(d)	per cent	25	nm	nm	nm
North East Rail Gauge Standardisation(d)	per cent	100	nm	nm	nm

## Notes:

- (a) New performance measure reflecting the activities to be undertaken in 2009-10.
- (b) Carpooling program participants include employers, schools, and tertiary institutions at individual sites.
- (c) Performance measure has been moved from the Road Network Improvements output.
- (d) New performance measure reflects progress towards completion.
- (e) New performance measure reflects the next phase of the project.
- (f) When setting the 2008-09 Budget Output Statements this performance measure was discontinued as it was expected to be complete by quarter 4 2007-08. Due to the delays noted on page 203 of the 2007-08 Department of Transport Annual Report, this performance measure is targeted for completion in 2009-10.
- (g) This performance measure replaces the 2008-09 performance measure 'Bridges with Level 4 defects'. The 2009-10 performance measure is essentially the same as the 2008-09 measure except for changes in wording to better reflect the activities undertaken, and measures the exact same activity as per performance measure in 2008-09. Structures with Level 4 defect are ones in poor condition. Structure components are showing advanced deterioration, are acting differently to their intended purpose or are showing signs of overstress. Load limits may be applied to ensure safe operation of these bridges.

**(27) Question**

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2008-09 and the target for 2009-10, please provide the reasons for the variance.

**(27) Response**

Major outputs/Deliverables Performance Measures	Unit of Measure	2009-10 Target	2008-09 Expected Outcome	Reason for variance
<b>Public Safety and Security</b>				
<b>Public Transport Safety and Regulation</b>				
Quantity				
Public railway crossings upgraded	number	37	45	The higher number of projects completed 2008-09 was due to an acceleration of the level crossing program.
Train and tram Safety compliance audits/inspections conducted in accordance with legislative requirements	number	50	40	Recruitment of additional Transport Safety Officers will increase audits / inspections in 2009-10.
<b>Road Safety and Regulation</b>				
Quantity				
Road Safety projects/initiatives completed:				
safe roads	number	356	264	The 2009-10 Target includes additional Safe Road projects under the Federal Nation Building Blackspot Programs.
safe road users	number	33	48	The 2009-10 Target is lower due to projects with increased size and scope.

**Report on the 2009-10 Budget Estimates**

Major outputs/Deliverables Performance Measures	Unit of Measure	2009-10 Target	2008-09 Expected Outcome	Reason for variance
safe vehicles	number	6	4	Anticipated increase is mainly due to advance technology developments in vehicles such as Intelligent Speed Assist, the FM interrupter trial, Electronic Stability Control and Head Protection technology.
<b>Vehicle and Driver Regulation</b>				
Quality				
Taxi service complaints investigated and closed	number	2 800	3 200	The 2008-09 levels are higher than normal due to a focus in this activity area to resolve outstanding complaints, which is not expected to carry-over into 2009-10.
Timeliness				
Calls answered within 30 seconds in VicRoads call centres	per cent	80	70	VicRoads commenced a three phase program to stabilise, rebuild and transform customer service by investing in people, systems, processes and providing customers with more transaction options.
Customers served within 10 minutes in VicRoads licensing and registration offices	per cent	80	70	VicRoads commenced a three phase program to stabilise, rebuild and transform customer service by investing in people, systems, processes and providing customers with more transaction options.
<b>Marine Safety and Regulation</b>				
Quantity				
Safety audits performed on recreational vessels	number	4 500	2 850	The 2009-10 Target represents an improvement in measurement involving a larger set of recreational vessel types audited.
<b>Transport and Marine Safety Investigations</b>				
Quantity				
Proportion of accidents/incidents involving identified multiple safety system failures investigated	per cent	90	100	At the time of notification, an assessment is made as to the potential for multiple systems failures causing the incident. If similar incidents are under investigation or the investigation has recently been completed, then a new investigation may not be considered warranted. The 2009-10 Target is based on an estimate of 10 percent of multiple system failure incidents not being investigated.
<b>Infrastructure Security and Emergency Management</b>				
Quantity				



**Appendix 1: Department of Transport**

<b>Major outputs/Deliverables Performance Measures</b>	<b>Unit of Measure</b>	<b>2009-10 Target</b>	<b>2008-09 Expected Outcome</b>	<b>Reason for variance</b>
Leadership of, or contribution to, strategic security and emergency management coordination sessions and workshops	number	32	112	The 2008-09 Expected Outcome is significantly higher due to participation in the response to the Victorian bushfires.
<b>Public Transport Services</b>				
<b>Integrated Metropolitan Public Transport Services</b>				
Quantity				
Payments made for bus services	\$ million	486	438	The 2009-10 Target is higher due to the implementation of SmartBus Red and Green services in metropolitan growth areas.
Passengers carried: V/Line train and coach services	number (million)	14.4	13.1	Forecasts show a continuing strong demand for V/Line train and coach services.
<b>Specialist Transport Services</b>				
Quantity				
Transport access site treatments completed by VicRoads	number	58	101	The 2009-10 Target is lower reflecting completion of much of the priority works in earlier years. Projects are prioritised on the basis of supporting disabled access to activity centres and transport hubs.
<b>Integrated Transport Planning, Delivery and Management</b>				
<b>Integrated and Sustainable Transport Development</b>				
Quantity				
Cycling projects completed	number	17	13	There are additional projects due for completion in 2009-10.
Pedestrian projects completed	number	16	11	There are additional projects due for completion in 2009-10.
<b>Road Network Improvements</b>				
Quantity				
Bridge strengthening and replacement projects completed: metropolitan	number	1	4	The 2009-10 Target reflects the works needed to meet the current needs assessment which varies from year to year.
Bus/tram route and other high occupancy vehicle improvements	number	23	16	There are additional projects due for completion in 2009-10.
Congestion projects completed	number	12	15	The 2009-10 Target is lower reflecting larger and more costly projects being completed in the later years of the Congestion Improvements Program. This specific initiative is in addition to other ongoing initiatives that are aimed at addressing congestion, including Smartbus, walking and cycling projects, etc.
Local road projects completed: regional	number	10	25	The 2009-10 Target is lower than 2008-09 due to projects of increased complexity and cost.
<b>Freight, Logistics, Ports and Marine Development</b>				

## Report on the 2009-10 Budget Estimates

Major outputs/Deliverables Performance Measures	Unit of Measure	2009-10 Target	2008-09 Expected Outcome	Reason for variance
Quantity				
Channel Deepening: Project Implementation	per cent	100	75	Reflecting next stage in the project.
Road-based freight accessibility and reliability improvement projects completed	number	5	14	The higher number of projects completed in 2008-09 is primarily due to the number of complex, higher cost projects from 2007-08 which were completed in 2008-09.
Timeliness				
Mildura Rail Corridor Upgrade project: construction completed	per cent	100	90	Reflecting expected completion of the project in 2009-10.

### **Staffing matters**

#### **(28) Question**

Please fully complete the table below, providing actual EFT staff numbers at 30 June 2008 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2009 and 30 June 2010 for the department and its major budget funded agencies.

**(28) Response****DOT — Equivalent full-time staff**

Classification	30 June 2008 (Actual) (EFT)**					30 June 2009 (Estimate) (EFT)					30 June 2010 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy*	Total	On-going	Fixed term	Casual	Funded vacancy*	Total	On-going	Fixed term	Casual	Funded vacancy*	Total
EO	41.0	0.0			41.0	57.0	0.0	0.0		57.0	57.0	0.0	0.0		57.0
VPS STS	6.0	0.0			6.0	11.0	1.0	0.0		12.0	11.0	1.0	0.0		12.0
Other	13.8	2.0			15.8	26.6	4.0	0.0		30.5	27.6	4.1	0.0		31.8
VPS GR6	260.6	16.2	1.0		277.8	263.9	9.9	0.0		273.8	274.4	10.3	0.0		284.7
VPS GR5	206.2	17.0			223.2	241.0	11.5	0.0		252.5	250.7	12.0	0.0		262.6
VPS GR4	155.4	27.9			183.3	198.0	23.7	0.0		221.6	205.9	24.6	0.0		230.5
VPS GR3	223.3	25.0	1.0		249.3	249.1	15.9	0.0		264.9	259.0	16.5	0.0		275.5
VPS GR2	50.6	15.6	4.6		70.8	70.5	8.5	0.0		78.9	73.3	8.8	0.0		82.1
VPS GR1	5.0	2.0			7.0	5.0	1.0	0.0		6.0	5.2	1.0	0.0		6.2
Total	961.9	105.7	6.6		1074.2	1121.9	75.4	0.0		1197.3	1164.1	78.4	0.0		1242.5

*The increase in staffing in 2008-09 is primarily due to increased capital project activity, enhanced governance arrangements and service delivery.*

*\* Details of funded vacancies unavailable. Jobs are filled in accordance with project needs and availability of funding. Vacancies arise when occupants cease employment.*

*\*\* Numbers adjusted to remove Major Projects Victoria staff included in the 2007-08 Annual Report.*

**VicRoads — Equivalent full-time staff**

Classification	30 June 2008 (Actual) (EFT)					30 June 2009 (Estimate) (EFT)					30 June 2010 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
VRO1	69	4	0	8	81	47.2	3.0	0	2.8	53.0	59.1	1.0	0	1.2	61.3
VRO2	581	3	0	20	604	731.3	3.0	0	16.1	750.4	733.0	2.0	0	15.0	750.0
VRO3	659	4	0	50	713	743.6	3.0	0	3.9	750.5	706.5	6.1	0	14.5	727.1
VRO4	781	1	0	9	791	823.5	1.0	0	2.5	827.0	789.0	14.8	0	16.4	820.2
VRO5	364	2	0	0	366	407	2.0	0	1.0	410.0	423.4	14.0	0	8.9	446.3
VRO6	148	2	0	0	150	167.2	1.0	0	3.8	172.0	176.3	7.0	0	3.7	187.0
EO	0	64	0	4	68	0	71	0	1.0	72	0	72	0	0	72
Total	2602	80	0	91	2773	2919.8	84	0	31.1	3034.9	2887.3	116.9	0	59.7	3063.9

*The increase in staffing in 2008-09 is primarily due to increased capital project activity, enhanced governance arrangements and service delivery.*

## 1.11 Department of Treasury and Finance

### ***Budget preparation***

#### **(1) Question**

What are the key budget themes underpinning the development of the budget that relate to your Department?

#### **(1) Response**

The Department has framed its budget using major themes and issues as identified by the Government:

- Greater public participation and more accountable government;
- Sound financial management; and
- Council of Australian Government (COAG) – National Partnership commitments.

#### **(2) Question**

What impact have developments at the Commonwealth level, including initiatives under the COAG Reform Agenda, had on preparing the Department's component of the 2009-10 State budget?

#### **(2) Response**

The Department is responsible for the implementation of the COAG Seamless National Economy National Partnership Payment which will facilitate the State's implementation of reform priorities in the areas of deregulation, competition and regulatory reform.

The Department will continue to be significantly involved in the COAG reform process through 2009-10. The Department participates in all COAG working groups as well as its continuing support for the Treasurer in his participation on the Ministerial Council.

#### **(3) Question**

Please list the key assumptions (up to five) that have been used to develop the Department's projections for 2009-10.

#### **(3) Response**

In developing the Department's budget projections for 2009-10, the key assumptions are:

- That the Department is flexible and, wherever possible, operates within its existing resources to meet the needs of the Government;
- The Department continues to review its outputs and resources to ensure they are aligned to supporting the Government to deliver on its priorities; and
- Straight-line depreciation rates adopted for individual asset classes in accordance with Australian Accounting Standards.

#### **(4) Question**

- a) What are the key risks relating to the budget estimates and the economic forecasts (please quantify these where possible)?
- b) How have these risks been managed?
- c) Please describe the economic or key external factors that pose the greatest risk to the Department meeting its budget for 2009-10.
- d) How have these matters been addressed in framing the 2009-10 budget for your Department?

#### **(4) Response**

- a) The economic landscape has been very volatile in the past six-to-nine months, and as a result the economic projections, which underlie the budget estimates, are marked by a greater-than-usual degree of uncertainty. The key downside risks include: i) further deterioration of global growth; ii) higher-than-envisaged unemployment rate; and iii) continuing financial volatility combined with lower confidence further restricting credit and business investment growth. The recovery in economic activity, domestically and abroad, could be much faster than expected. The cut-backs in global production towards the end of 2008 were so severe, due to minimal inventory overhang. There is also the risk that monetary and fiscal policy, which has been eased significantly, could stimulate demand and activity by more than is anticipated.

Overall, given the degree of uncertainty at present, it is difficult to quantify the impact of these risks on the economic forecasts. First, these risks are largely external and driven by factors outside of Australia's control. To date, data releases around the globe are showing mixed messages with some leading indicators suggesting stabilisation in China and the US but others showing ongoing weakness. Second, while counter-factual analysis could be undertaken to compare the present crisis with other crisis episodes, there are important differences between them. Third, the full impact of the global policy response – monetary and fiscal – has not yet occurred, and there is possibly more stimulus yet to come.

- b) In terms of the macroeconomic forecasts, the Department continues to track the leading indicators that drive the economic projections, primarily by holding regular internal scanning meetings, and conducting liaison with external public and private sector agencies to get more timely, qualitative data. This feeds into the process for the development of the budget estimates and identification of risks that may affect the estimates.
- c) Given the rapidly changing nature of the economic environment, the Department's economic and taxation forecasts have been reviewed and updated on a more frequent basis. These are discussed regularly at a senior level across the Department, and connected with processes for the development of the budget estimates.
- d) The high level of uncertainty about the economic outlook has ramifications for Victoria's fiscal outlook. Changes in economic conditions from those projected would also change the State's taxation revenue estimates. Some state taxes, such as stamp duty on land transfer, are particularly volatile and subject to substantial annual variation. The level of GST grants is also affected by economic activity, with any changes to economic conditions having a direct impact on the amount of GST revenue to be distributed among the states.

There are also risks to the expenditure outlook, such as unexpected rates of growth in the demand for government services as a result of the economic downturn.

#### **(5) Question**

How has the Department ensured that its budget for 2009-10 is reliable in terms of being:

- affordable;
- deliverable; and
- fiscally sustainable?

#### **(5) Response**

The Department's budget planning process incorporates its commitment to deliver on its objectives including the provision of value for money government services and realisation of Efficient Government savings within a framework of sound financial management.

**(6) Question**

In relation to each of the Department’s three largest budget initiatives for 2009-10 in terms of funding:

- a) What were the broad choices in terms of service delivery and relevant policy options that the Department was confronted with at the budget development stage;
- b) What were the costings of each policy option?
- c) Please explain the linkages to the areas identified in the Annual Statement of Government Intentions released by the Government in February 2009.

**(6) Response**

The Department’s largest budget initiatives for 2009-10 are:

- Efficient Technology Services (ETS); and
- State Revenue Office (SRO) – e-Sys and Compliance

The ETS and SRO initiatives are driven by the Department’s commitment to delivering efficient, value-for-money government services within a framework of sound financial management.

The ETS and SRO initiatives are driven by the Government’s commitment to deliver sound financial management.

**(7) Question**

What programs, if any, have been deferred to future years to reduce financial pressures on the budget and achieve targeted budget surpluses?

**(7) Response**

One of the key guiding principles that government, under legislation, is required to practise is fiscal responsibility. Therefore, the Government ensures that funding decisions are consistent with the capacity to fund service delivery in a sustainable manner. This entails making decisions on many and variable proposals and options, which are a matter for government to decide.

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

- a) Please identify the macroeconomic forecasts contained in the budget?
- b) What difficulties were encountered in developing these fiscal forecasts?
- c) In framing the 2009-10 budget, what methodology and quantitative models for macroeconomic forecasting have been applied?
- d) What independent evaluations have been undertaken of these forecasts?

**(8) Response**

- a) Victorian economic projections(a)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Real gross state product	3.2	0.50	0.25	2.25	3.00	3.00
Employment	2.8	0.25	-1.00	0.50	1.50	1.50
Unemployment rate (b)	4.5	5.00	7.00	7.75	7.75	7.75
Consumer price index	3.5	3.25	2.00	2.25	2.50	2.50
Wage price index (c)	3.8	4.25	3.75	3.25	3.50	3.50
Population (d)	1.8	1.80	1.60	1.50	1.40	1.40

Sources: Australian Bureau of Statistics; Department of Treasury and Finance

Notes:

- (a) Year-average per cent change on previous year unless otherwise indicated. All economic projections are rounded to the nearest 0.25 percentage point, except population projections which are rounded to the nearest 0.1 percentage point.
- (b) Year-average level, per cent.
- (c) Total hourly rate excluding bonuses.
- (d) June quarter, per cent change on previous June quarter.

Chapter 2 of the 2009-10 Budget Paper Number 2 provides a detailed discussion of these forecasts.

- b) The current economic volatility and uncertainty has introduced a consistent bias to forecasts generated from structural models. The bias reflects the fact that while structural models are generally driven by internal equilibrium or trend growth, the recent economic downturn is quite unusual. Also, due to Australia's long expansion, some of our key indicators (such as the wage price index) do not have a sufficient history that covers full business cycles. Rapid changes in the policy environment (such as monetary stance and fiscal stimulus) have also affected economic behaviour which are making model-based parameter estimates less reliable.

As a result of these model limitations, there has been a greater need to rely on judgement. There has also been a need to obtain more timely data, which we have sourced through liaison with industry bodies, private sector economists and other public sector economists.

The cut to the ABS work program has also affected the availability and quality of economic data. Due to the sample size reduction, there is greater volatility in labour force statistics which makes data interpretation more difficult. The discontinuation of the job vacancies survey has removed a valuable leading indicator of the labour market.

- c) A combination of actual data and partial indicators are used to form a preliminary estimate for 2008-09. For the forward years, econometric based forecasts are used as a baseline forecast, which are then adjusted to incorporate new information coming from high frequency forward looking indicators, qualitative data, short term bottom-up forecasts of individual components, as well as estimated one-off effects of recent policy announcements. In cases where recent economic uncertainty and financial volatility has introduced large swings in the recent data, a degree of judgement has been applied.
- d) As in previous years, the Victorian Auditor-General's Office reviews the methodology used to determine the economic assumptions used in the Budget.

We also consult other State Treasuries on approaches to forecasting. This informal consultation is important as it provides us with useful peer review. We also engage academics to provide training on forecasting techniques (eg time series forecasting, economic modelling) to ensure our staff have the requisite technical skills.

The Department has been undertaking an internal review of all its forecasting models over the past 12-18 months. This project will be completed by the end of June 2009 and the Department will assess further action at that time.

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

What criteria has been used to provide assurance that:

- the projected debt levels are not excessive;
- the projected debt to GSP ratios are not a threat to macroeconomic stability; and
- Victoria will maintain its AAA credit rating?

### **(9) Response**

The Department continues to frame its advice to government consistent with the Financial Management Act 1994, and its principles of sound financial management.

The Government's fiscal strategy is underpinned by a set of key short and long-term financial policy objectives. These objectives are built on principles of sound fiscal management, as set out in the Financial Management Act 1994:

- manage financial risks faced by the state prudently, having regard to economic circumstances;
- pursue spending and taxing policies consistent with a reasonable degree of stability and predictability in the level of the tax burden;



- maintain the integrity of the Victorian tax system;
- ensure that government policy decisions have regard to their financial effects on future generations; and
- provide full, accurate and timely disclosure of financial information relating to the activities of the government and its agencies.

The table below summarises the Government's short-term and long-term financial objectives and targets:

Objective	Short-term target	Long-term target
Operating surplus	Operating surplus of at least \$100 million in each year	Maintain a substantial budget operating surplus that allows for the delivery of the Government's infrastructure objectives
Infrastructure	Implement strategic infrastructure projects	Deliver world-class infrastructure to maximise economic, social and environmental benefits
Service delivery	Implement the 2006 election commitments	Provide improved service delivery to all Victorians
Taxation	Implement reforms	Provide a fair and efficient tax system that is competitive with other states
Net financial liabilities	Maintain a triple-A credit rating	Maintain State Government net financial liabilities at prudent levels

Chapter 1 of the 2009-10 Budget Paper Number 2 explains these in greater detail.

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

What new features have been incorporated in the budget papers for 2009-10 and why?

**(10) Response**

Consistent with the Government's commitment to be a leader in budgeting and financial reporting, the 2009-10 Budget Papers include a number of new features which are intended to enhance their usefulness and transparency.

These reforms, which should make the suite of 2009-10 Budget Papers more transparent and accessible to Victorians, include:

Enhancing the usefulness of the Budget Overview

- The 2009-10 Budget Overview will this year be shorter, more succinct and focus on the main highlights of the Budget.

Improving the accessibility to readers of Budget Paper Number 2

- Reforms to Budget Paper Number 2 are focused on improving the analysis of the current economic environment and how this impacts or interacts with the Government's suite of fiscal policies and strategies.
- These changes are intended to enable readers of the budget papers to better understand the Government's fiscal objectives, in particular reinforcing to readers the relationship between the economy and the impacts upon the State's budget.
- Key improvements include:
  - Chapter 1 – improved analysis of the relationship between the current economic situation and the impact on the State budget
  - Chapter 5 – improved analysis and more comprehensive commentary in relation to the Government's economic reform agenda.

Improving the transparency of Budget Paper Number 3

- Continued reforms to improve the linkages between outputs and the achievement of Government outcomes, in particular:
  - Chapter 2 – renewed focus on linking outputs with outcomes
  - Chapter 3 – improved commentary in Departmental narratives and output classification text to provide more context around the objectives of output delivery
  - Appendix A – continued linkages of new output and asset initiatives with outputs in Chapter 3 Departmental Output Statements.

Continuing to be world class leaders in financial reporting: Budget Paper Number 4

- The main feature of reform in Budget Paper Number 4 is a world first, the alignment of the estimated financial statements with AASB 1049.

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

Please outline any policy commitments contained in the 2009-10 budget that may have a long-term effect on public finances?

**(11) Response**

The policy commitments in the 2009-10 Budget are focused on the Government's commitment to secure jobs and continue to deliver key services in the face of a continuing global economic and financial crisis and managing the recovery from the worst bushfires in Victoria's history.

The Government's response to these two key issues is within the parameters of the principles of sound financial management, as set out in the Financial Management Act 1994.

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

What processes are in place to ensure the integrity of budget information?

**(12) Response**

The process is designed to ensure our financial reporting documents:

- contain a complete and accurate set of financial details; and
- the financial analysis contained within the published documents tells a consistent story based on the financial data included in the documents.

To meet these expectations a number of quality assurance processes are undertaken at various times during the process.

The process can be separated into:

- External QA process
  - undertaken by departments and agencies prior to feeding their financial data to DTF; and
  - “feed review” work undertaken by DTF analysts prior to elimination and consolidation of the data

As part of this external QA process, the Auditor-General undertakes an independent review of the Estimated Financial Statements.

- Internal QA process
  - Financial statements analysis – ensures that the financial data to be published is as far as possible, error-free;
  - Content assurance – ensures that the tables and figures quoted within a document are consistent with the financial statements; and
  - Pre-printing assurance – ensures that the final version of the final report in PDF format is correct and free of errors.

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

What does the Department consider will be the estimated aggregate impact of the budget on the Victorian economy and in relation to other macroeconomic policies?

**(13) Response**

Data for 2007-08 show that the Victorian State Budget accounts for about \$37 billion on the operating account (including GST), and \$4 billion in asset investment. Overall, this represents around 15 per cent of Victoria's GSP.

The 2009-10 Budget is expected to support growth and jobs. The main vehicle for this will be in the delivery of the large infrastructure spend, which will help to maintain employment and upgrade the State's productive capacity, thereby helping to boost Victoria's long-term competitiveness. The Government is investing in the recovery of bushfire-affected towns and regions.

At the same time, the Budget maintains a strong, sustainable fiscal position. Strong, sustainable state finances remain essential to the long-term health of the Victorian economy. They underpin Victoria's AAA credit rating, lower borrowing costs, and create a stable economic environment. Together, these act to maintain business and consumer confidence and drive investment and jobs growth.

In the longer-term, the Budget will assist Victoria to be more competitive by continuing the reform agenda by strengthening the human capital of the workforce (through investment in education, skills and training), while continuing to enhance business competitiveness (for example, through reducing the burden of state regulation on business).

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

What is the Department's view on isolating items of expenditure reflecting new policies from existing policy expenditure in the budget papers?

**(14) Response**

The 2009-10 Budget reflect all changes to the Budget estimates since the publication of the 2008-09 Budget Update. This includes all new announcements/policies.

Table 3.3 in Chapter 3 of Budget Paper Number 2 outlines the net impact of 2009-10 Budget new output initiatives. Details on the specific new output initiatives are outlined in Appendix A of Budget Paper Number 3.

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

Each year in Budget Paper No.2, the table showing the net impact of new output budget initiatives identifies the aggregate value of "funding from demand contingency and other efficiencies". To assist the Committee's 2009-10 budget estimates process, could the department please breakdown the aggregate figure for each year of the forward estimates period into its main components, accompanied by an explanation of the nature of each component.

**(15) Response**

Table 3.3 in Chapter 3 of Budget Paper Number 2 includes a line item on demand contingency and other efficiencies. This line represents a centrally held contingency provision that is not yet allocated to departments.

In particular, this balance includes:

- decisions made by government that have either not yet been announced or may be contingent upon future actions being taken; and
- an estimated provision for demand driven growth in services over the forward estimates. This is held centrally until actual annual demand growth is known with more certainty, before being allocated to departments by government. In particular:
  - health;
  - education;
  - justice and community safety.

The individual specific components of the contingency cannot be disclosed as they are subject to the future decisions to be made by government in future budgets.

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

What is the Department’s view on including comparative information from other jurisdictions in the budget papers?

**(16) Response**

Due to the timing of release of the various Commonwealth and State Budgets, it is difficult to include informative comparisons on the fiscal indicators across jurisdictions, as they will relate to different time periods. The varying nature of the general government sectors and non financial public sectors across jurisdictions also makes comparisons difficult.

**Asset funding**

**(17) Question**

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2009-10, including each project’s TEI. Please include the budget allocation for each.

**(17) Response**

Description	2009-10 Budget \$ million
Efficient Technology Services	22.7
Intra-Government Secured Network	2.04
SRO Revenue Management System	2.3

**(18) Question**

What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the Department’s responsibilities?

**(18) Response**

Not applicable to the Department of Treasury and Finance.

**(19) Question**

Has the Department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the Department’s operations? If so, please provide details of the findings.

**(19) Response**

The Department prepares an annual Asset Strategy and forward looking Multi Year Asset Strategy assessing its forward agenda based on our own infrastructure demand. As a central agency, the Department's service direction requires robust Information Communication and Technology (ICT) Infrastructure to underpin its core business. The Department also manages the whole-of-government property portfolio and lease management of fleet cars.

**(20) Question**

In relation to the unapplied output and asset funding carried forward to 2009-10, please provide:

- a breakdown of the carried forward funding for both output and asset initiatives;
- the underlying reasons for the Department's funding carryover for each category; and
- the intended revised timing for use of the carried forward funds, including project specific details for asset initiatives.

**(20) Response**

**Output Carryover**

Economic and Financial Policy – \$ 0.069 million

This carryover is for the development of enhanced capacity in the application of new economic design and experimental economics. This will enhance the innovative policy design within Victoria and the Victorian Public Sector. Payment falls due in September 2009 to the University of Melbourne who work on a calendar year, whereas the budget allocated was based on the financial year ending 30 June 2009.

Economic and Financial Policy - \$ 14.8 million

This carryover is for the implementation of the Seamless National Economy National Partnership being funded by the Commonwealth Government. The objectives of this project are to continue to reduce the level of unnecessary regulation and inconsistent regulation across jurisdictions, to deliver agreed COAG deregulation and competition priorities, and to improve processes for regulation making and review.

Government Services - \$ 5.0 million

Efficient Technology Services (ETS) – The implementation of ETS was delayed due to the due diligence process. This carryover will ensure the project delivers maximum benefits.

Government Services - \$ 0.85 million

Intra-Government Secure Network Project. This is for the operating costs to build a fibre optic network interconnecting government sites with demand for high capacity network services. The project had a delayed start due to protracted negotiations. The aim is to complete the project in the 2009-10 financial year.

Government Services - \$ 1.8 million

Ancillary Services - Asset Management within whole of government was considered as part of the Ancillary services project within the Efficient Government Policy. The carryover is due to the delay in arranging the Government Inventory Management System for whole of government use, instead of only being accessible to four budget sector entities. The Department has commenced work to assume responsibility for management of the ongoing arrangement with the contract provider until its expiration in April 2012.

## **Asset Carryover**

Government Services - \$ 2.04 million

Intra-Government Secure Network Project. See explanation under output carryover.

Revenue Management Services - \$0.2 million

Sustainable Revenue Management System

The carryover is required to extend the life of the State Revenue Office's core revenue management system which involves a staged migration to a Service Orientated Architecture. The carryover relates to some specific rescheduling of tasks related to the project.

## ***Efficiencies, savings and productivity improvement***

### **(21) Question**

In relation to the estimated efficiencies to be derived in 2009-10 (including from the various measures that fall under the umbrella of the Efficient Government policy and the other targeted initiatives, please provide:

- a) a breakdown of all planned efficiency savings for 2009-10 according to the various measures of efficiency that apply to the Department's operations as identified in the 2007-08 and 2008-09 Budgets, and in new measures introduced in the 2009-10 Budget;
- b) an explanation of:
  - how decisions regarding applicable savings measures are to be made;
  - the nature of their expected impact on programs, for example, programs expected to be accelerated, deferred or discontinued; and
  - the basis for estimating the savings target to be achieved for each measure;
- c) particulars of any changes to the Department's allocated savings for 2009-10 from the data shown in the 2007-08 and 2008-09 Budgets; and
- d) a description of any areas earmarked for productivity improvement in 2009-10.

### **(21) Response**

- a) The Department will continue to achieve efficiency savings in accordance with the Efficient Government policy.
- b) Decisions regarding savings measures are made as part of the internal budget process for the Department. Efficient Government policy is applied where appropriate.
  - the nature of their expected impact on programs, for example, programs expected to be accelerated, deferred or discontinued; and  
The Department continues to review its processes and systems to identify and implement efficiencies.
  - the basis for estimating the savings target to be achieved for each measure;  
The savings targets are estimated using the internal budgeting and reporting processes of the Department. The Department does not expect the efficiency to impact on programs or outputs to be delivered.
- c) As outlined in 2009-10 Budget Paper Number 3 the Department's allocated savings for 2009-10 has increased by \$3 million.
- d) From a whole of Victorian Government perspective, the Department will deliver:
  - An Intra-Government Secured Network;
  - Efficient Technology Services; and
  - Ancillary Services.

## **Environmental challenges**

### **(22) Question**

- a) What are the key environmental issues that are predicted to have an impact on services delivered by the Department's portfolios in 2009-10?
- b) How have these issues been addressed in the Department's budget estimates for 2009-10?
- c) Please list up to five projects or programs worth over \$1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2008-09 and 2009-10 for existing projects if applicable).

### **(22) Response**

- a) At a central agency level, the Department continues to focus on reducing the energy consumption and associated greenhouse gas emissions of government office buildings. The Department has completed the procurement of an Energy Performance Contracting (EPC) project covering government-owned office buildings that will significantly reduce energy consumption and improve the environmental rating of the buildings.

The Department is developing a strategy to support the delivery of the Government's policy commitment to purchase up to 2000 hybrid Camrys over two years to supplement the Government fleet with environmentally fuel efficient vehicles, when they become available in 2010. This will support the transition of the local motor industry to lower emission vehicle production and also help reduce the Victorian Government's own environmental footprint.

Victorian Government vehicle fleet policies which the Department administers are also an important aspect of lifting its environmental performance. Key elements are:

- Inclusion of the Toyota Prius hybrid vehicle on the list of fleet vehicles since 2006 - there are now over 600 Prius vehicles in the fleet; and
- A requirement that any vehicle which is expected to travel more than 30 000km per year be either LPG or 4 cylinder.

The Department collects and distributes data relating to greenhouse gas emissions of government vehicles to departments to allow them to manage and report on the environmental impact of their fleet operations.

The Department continues to implement recommendations provided by the Commissioner for Environmental Sustainability relating to procurement of goods and services. This will result in:

- The integration of environmental information into the Procurement and Contracting Centre for Education and Research (PACCER) training courses for government procurement staff;
- A review of the Government's major expenditure items to ensure environmental impact is assessed and options to minimise such impacts are identified; and
- A review of standard templates and contracts to ensure environmental criteria is clear and effective.

At a departmental level, the Department also continues to implement its Environmental Management System (EMS) focusing on measuring, reducing and reporting its own environmental footprint.

- b) The Department has no projects that meet the above criteria. However, the Department continues to implement its EMS focusing on measuring, reducing and reporting its own environmental footprint.

c) The initiatives described above are included in the Department's work plan for 2009-10.

**(23) Question**

What initiatives are planned by the Department in 2009-10 to enhance reporting of the mandatory and optional office-based environmental indicators identified in FRD 24C.

**(23) Response**

The Department has recently implemented a water metering system to measure the water consumption of separate buildings and systems across the Treasury Precinct. Data from this system will be accurately apportioned to the departments occupying these buildings.

The Department has employed an improved waste auditing methodology to provide more accurate data relating to the department's waste to landfill and recycling content.

Transport indicators will be determined through TravelSmart surveys coordinated centrally for the Whole of Government by the Department of Transport.

## **Spending**

**(24) Question**

Please outline any major expenditure policy shifts in 2009-10. In relation to these, please explain:

- the assumptions underpinning the policy decision;
- alternative scenarios considered; and
- fiscal effects.

**(24) Response**

The Department is not undertaking any major expenditure policy shifts in 2009-10.

**(25) Question**

What processes have been applied by the Department to ensure that new programs have been rigorously costed?

**(25) Response**

Each initiative is required to provide a detailed business case which may include, but is not limited to:

- Detailed project objectives and scope, business requirements and specification;
- A comprehensive financial and cost benefit analysis of all business case options;
- Detailed risk analysis of all business case options;
- A funding strategy of the recommended business case option;
- An investment logic map;
- Undertaking a Gateway review of the initiative (where applicable); and
- Approval by the relevant Project Board which includes senior departmental executives.

**(26) Question**

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2008-09 and the target for 2009-10 for individual outputs.



**(26) Response**

2009-10 output	2008-09 Expected Outcome \$ million	2009-10 Target \$ million	Comments
Budget and Financial Policy Advice	11.2	12.3	The 2009-10 Budget includes an increase as a result of internal re-allocation of funds to further enable the achievement of core deliverables.
Economic and Financial Policy	19.6	34.5	The 2009-10 Budget includes an increase to deliver the Council of Australian Government's National Partnership Agreement to implement the Seamless National Economy National Partnership.
Economic Regulatory Services	17.9	14.3	The 2009-10 Budget has decreased as additional funding was provided in 2008-09 to meet incurred legal costs.
Financial and Resource Management Frameworks	3.6	3.9	The 2009-10 Budget includes an increase to the employee expenses budget which has a flow on effect to the final budget output costs.
GBE Performance Monitoring and Financial Risk Management	5.5	6.1	The 2009-10 Budget includes an increase as a result of internal re-allocation of funds to further enable the achievement of core deliverables.
Government Services	78.7	113.5	The 2009-10 Budget includes an increase to enable delivery of the Efficient Technology Services initiative.

**(27) Question**

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2008-09 and the budget for 2009-10, please provide an explanation.

**(27) Response**

The variation is less than 10 per cent.

**(28) Question**

Please provide a tabular dissection of the Department's 2009-10 budget and expected expenditure for 2008-09 under the Government's key themes presented annually in the Victorian Budget Overview differentiating between new funding initiatives and ongoing funding.

**(28) Response**

The Department is unable to provide estimates under the Government's key themes, as expenditure are primarily allocated to outputs at departmental level and may contribute to one or more key themes.

To recast and recut ongoing funding budget and expenditure by these themes is a major exercise requiring the Department to divert its resources from its current workload.

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

### **(29) Question**

In terms of any major revenue policy changes contained in the 2009-10 budget relating to revenue generation, tax expenditures or concession and subsidies, please explain:

- the assumptions underlying the analysis;
- alternative scenarios considered; and
- the fiscal effect of any tax changes.

### **(29) Response**

There are no major revenue policy changes contained in the 2009-10 Budget.

### **(30) Question**

- a) In relation to 2009-10, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.
- b) Please outline the actual and expected financial impact in 2009-10 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the Department.

### **(30) Response**

There are no major revenue policy changes contained in the 2009-10 Budget.

### **(31) Question**

Please provide a listing of any revenue measures (taxation, fees, fines etc) or any concessions (or subsidies) where changes are more or less than the cost of living adjustment (include the value of such measures and the percentage change).

### **(31) Response**

Not applicable to the Department of Treasury and Finance.

### **(32) Question**

For the Department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2008-09 and the budget for 2009-10.

### **(32) Response**

#### **Output appropriation has risen by 24.3 per cent**

The primary reasons for this include:

- Funding of \$32 million for the implementation of standardisation of core information technology services;
- Funding of \$3.5 million for the State Revenue Office for tax compliance activities and upgrade of its core revenue management system; and
- Funding of \$14.8 million for the implementation of the Seamless National Economy National Partnership project.

**Grants have decreased by 56 per cent**

This is due to funding from the Department of Primary Industries for the Victorian Renewable Energy Target Scheme reducing in 2009-10 as system development nears completion.

***Regional and rural considerations***

**(33) Question**

- a) What are the critical issues facing regional and rural communities in 2009-10 that depend on services provided by the department (please provide comment relating to particular areas of the State where applicable)?
- b) How does the Department's 2009-10 budget address these issues?

**(33) Response**

Not applicable to a central agency.

**(34) Question**

Please provide a table showing for up to five of the Department's largest projects (in terms of expenditure) benefiting regional and rural Victoria the:

- budget allocation for 2009-10 dissected between new and existing projects;
- the purpose of each project;
- how the funding is to be spent; and
- the performance measures in place to assess performance.

**(34) Response**

Not applicable to a central agency.

***Performance measures***

**(35) Question**

Please provide the rationale for any change in performance measures presented in the budget papers for 2009-10 (including new and discontinued measures).

**(35) Response**

**Economic Regulatory Services output:**

The Price Determinations performance measure has been discontinued in 2009-10 as no price determinations are scheduled to occur in 2009-10.

**GBE Performance Monitoring and Financial Risk Management output:**

The 2009-10 performance measure Corporate plans reviewed and assessed and analysis of quarterly performance reports replaces the 2008-09 performance measure Corporate plans reviewed and assessed to incorporate measurement of the analysis of quarterly performance reports.

These details are also outlined the Department's 2009-10 output performance statement in the 2009-10 Budget Paper Number 3.

**(36) Question**

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2008-09 and the target for 2009-10, please provide the reasons for the variance.

**(36) Response**

Performance Measure	2009-10 Output	2008-09 Expected outcome	2009-10 Target	Comments
Output Evaluation and Price Reviews	Budget and Financial Policy Advice	4	3	The 2009-10 target is below the 2008-09 Expected Outcome based on the schedule of reviews forecast in 2009-10.
Briefings on Cabinet Submissions	Economic and Financial Policy	346	250	The 2009-10 target is below the 2008-09 Expected Outcome based on the anticipated demand from the Ministerial offices.
Delivery of updates, guides and newsletters	Financial and Resource Management Frameworks	23	16	The 2009-10 target is lower than the 2008-09 Expected Outcome due to a higher than anticipated workload in 2008-09.
Board appointments (number)	GBE Performance Monitoring and Financial Risk Management	99	38	The 2009-10 target is lower than the 2008-09 expected outcome due to the reduction in the number of Board appointments scheduled to occur in 2009-10.
Dividends negotiated (number)	GBE Performance Monitoring and Financial Risk Management	59	39	The 2009-10 target is lower than the 2008-09 expected outcome as a majority of rural and regional water authorities will not pay an interim dividend. The number of GBEs has declined in 2009-10.
Significant projects completed	Government Services	19	15	The 2009-10 target is based on the anticipated schedule of projects.
Deliver or renew whole-of-government policy, standards and guidelines	Government Services	34	30	The 2009-10 target is based on the anticipated workload.
Briefs provided on services to Government	Government Services	88	70	The 2009-10 target is below the 2008-09 Expected Outcome as demand for briefings from the Ministers' offices was greater than anticipated.
Establishment or renewal of whole-of-government contracts	Government Services	18	15	The 2009-10 target is based on the anticipated workload in 2009-10.
Revenue from sale of surplus Government land including Crown land (DTF portfolio)	Land and Infrastructure Investment Management	35	40	The 2009-10 target is based on the estimated number of properties likely to be identified as surplus by departments and agencies.
Services (including policy, procedures and training) which facilitate new infrastructure investment)	Land and Infrastructure Investment Management	38	30	The 2009-10 target is lower than the 2008-09 Expected Outcome due to a higher than anticipated workload in 2008-09.

<b>Performance Measure</b>	<b>2009-10 Output</b>	<b>2008-09 Expected outcome</b>	<b>2009-10 Target</b>	<b>Comments</b>
Promoting the Gateway process to minimise Government's exposure to project risks	Land and Infrastructure Investment Management	112	70	Measurement of the 2008-09 Expected Outcome included the number of Gateway products and services provided by the Gateway unit in 2008-09. In 2009-10, only Gateway reviews will be measured. Other Gateway products and services will be measured under the performance measure 'Services (including policy, procedures and training) which facilitate new infrastructure investment).

These details outlined in Chapter 3 of the 2009-10 Budget Paper Number 3.

### ***Staffing matters***

#### ***(37) Question***

Please fully complete the table below, providing actual EFT staff numbers at 30 June 2008 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2009 and 30 June 2010 for the department and its major budget funded agencies.

**(37) Response**

**Employment — Equivalent full-time staff – Department of Treasury and Finance**

Classification	30-Jun-08					30-Jun-09					30-Jun-10				
	(Actual) (EFT)					(Estimate) (EFT)					(Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Secretary	1.00	-	-	-	1.00	1.00	-	-	-	1.00	1.00	-	-	-	1.00
EO-1	4.00	-	-	-	4.00	3.00	-	-	-	3.00	3.00	-	-	-	3.00
EO-2	20.00	-	-	-	20.00	21.80	-	-	-	21.80	21.80	-	-	-	21.80
EO-3	50.80	-	-	-	50.80	50.50	-	-	-	50.50	50.50	-	-	-	50.50
SRM	-	-	-	-	0.00	-	-	-	-	0.00	-	-	-	-	0.00
Grade 7 (STS)	5.80	2.00	-	-	7.80	5.80	1.00	-	-	6.80	5.80	1.00	-	-	6.80
Grade 6	133.83	1.00	-	-	134.83	145.52	5.00	-	-	150.52	146.52	5.00	-	-	151.52
Grade 5	127.09	7.00	-	-	134.09	111.90	4.00	-	-	115.90	113.90	4.00	-	-	117.90
Grade 4	99.60	9.60	-	-	109.20	94.75	6.00	-	-	100.75	94.75	6.00	-	-	100.75
Grade 3	77.69	8.20	-	-	85.89	90.07	5.60	-	-	95.67	93.03	5.60	-	-	98.63
Grade 2	34.50	1.40	-	-	35.90	39.90	2.40	-	-	42.30	39.90	2.40	-	-	42.30
Grade 1	2.00	1.00	-	-	3.00	-	1.00	-	-	1.00	-	1.00	-	-	1.00
Legal Officer	1.00	1.00	-	-	2.00	5.60	0.80	-	-	6.40	5.60	0.80	-	-	6.40
Casual	-	-	1.10	-	1.10	-	-	0.56	-	0.56	-	-	0.56	-	0.56
<b>Total</b>	<b>557.31</b>	<b>31.20</b>	<b>1.10</b>	<b>-</b>	<b>589.61</b>	<b>569.84</b>	<b>25.80</b>	<b>0.56</b>	<b>-</b>	<b>596.20</b>	<b>575.80</b>	<b>25.80</b>	<b>0.56</b>	<b>-</b>	<b>602.16</b>

## Employment — Equivalent full-time staff – Essential Services Commission

Classification	30-Jun-08					30-Jun-09					30-Jun-10				
	(Actual) (EFT)					(Estimate) (EFT)					(Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
EO-2	1.00	-	-	-	1.00	1.00	-	-	-	1.00	1.00	-	-	-	1.00
EO-3	4.00	-	-	-	4.00	5.00	-	-	-	5.00	5.00	-	-	-	5.00
SRM	1.80	2.00	-	-	3.80	1.00	2.00	-	-	3.00	1.00	2.00	-	-	3.00
Grade 7 (STS)	2.00	-	-	-	2.00	2.00	-	-	1.00	3.00	2.00	-	-	1.00	3.00
Grade 6	12.51	-	-	-	12.51	7.51	-	-	-	7.51	7.51	-	-	-	7.51
Grade 5	14.00	-	-	-	14.00	12.20	3.00	-	1.00	16.20	12.20	3.00	-	1.00	16.20
Grade 4	9.60	1.90	-	-	11.50	9.13	0.80	-	7.00	16.93	9.13	0.80	-	7.00	16.93
Grade 3	7.00	-	-	-	7.00	6.00	-	-	-	6.00	6.00	-	-	-	6.00
Grade 2	4.90	2.00	-	-	6.90	8.60	-	-	-	8.60	8.60	-	-	-	8.60
Casual	-	-	-	-	-	-	-	2.00	-	2.00	-	-	2.00	-	2.00
<b>Total</b>	<b>56.81</b>	<b>5.90</b>	<b>-</b>	<b>-</b>	<b>62.71</b>	<b>52.44</b>	<b>5.80</b>	<b>2.00</b>	<b>9.00</b>	<b>69.24</b>	<b>52.44</b>	<b>5.80</b>	<b>2.00</b>	<b>9.00</b>	<b>69.24</b>

**Employment — Equivalent full-time staff – State Revenue Office**

Classification	30-Jun-08					30-Jun-09					30-Jun-10				
	(Actual) (EFT)					(Estimate) (EFT)					(Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
EO 2	1.00	-	-	-	1.00	1.00	-	-	-	1.00	1.00	-	-	-	1.00
EO 3	5.00	-	-	-	5.00	5.00	-	-	-	5.00	5.00	-	-	-	5.00
Grade 7 (STS)	1.00	-	-	-	1.00	1.00	-	-	-	1.00	1.00	-	-	-	1.00
Grade 6	39.70	-	-	-	39.70	41.70	-	-	1.00	42.70	45.00	-	-	-	45.00
Grade 5	86.84	1.40	-	-	88.24	84.00	3.40	-	2.00	89.40	89.00	2	-	-	91.00
Grade 4	79.60	1.00	-	-	80.60	80.04	2.00	-	-	82.04	88.00	2	-	-	90.00
Grade 3	157.54	7.00	-	-	164.54	152.87	2.00	-	1.00	155.87	156.00	2	-	-	158.00
Grade 2	60.03	8.80	-	-	68.83	62.82	2.80	-	2.00	67.62	67.00	3	-	-	70.00
Grade 1	3.00	-	-	-	3.00	3.00	-	-	-	3.00	3.00	-	-	-	3.00
<b>Total</b>	<b>433.71</b>	<b>18.20</b>	<b>-</b>	<b>-</b>	<b>451.91</b>	<b>431.43</b>	<b>10.20</b>	<b>-</b>	<b>6.00</b>	<b>447.63</b>	<b>455.00</b>	<b>9.00</b>	<b>-</b>	<b>-</b>	<b>464.00</b>