

CHAPTER 12: DEPARTMENT OF TREASURY AND FINANCE HEARINGS

12.1 Introduction

The Department of Treasury and Finance is responsible for the administration of two portfolios:

- Treasury; and
- Finance, WorkCover and the Transport Accident Commission.

12.2 Key budget themes for 2009-10

The Department of Treasury and Finance advised the Committee that it framed its budget around the following major budget themes:³⁸

- greater public participation and more accountable government;
- sound financial management; and
- Council of Australian Government (COAG) – *National Partnership Agreement* commitments.

12.3 Key assumptions that have been used to develop the Department's projections for 2009-10

The Department of Treasury and Finance advised the Committee that in developing its budget projections for 2009-10, the key assumptions were that:³⁹

- 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 were adopted for individual asset classes in accordance with *Australian Accounting Standards*.

12.4 Major Expenditure Policy Shifts in the 2009-10 Budget

The Department advised the Committee that there have been no major expenditure policy shifts in 2009-10.⁴⁰

³⁸ Department of Treasury and Finance, *Response to the Public Accounts and Estimates Committee Budget Estimates Questionnaire*, May 2009, p.1

³⁹ *ibid.*

⁴⁰ *ibid.*, p.17

12.5 Treasury Portfolio

12.5.1 Introduction

The Committee received evidence from Mr John Lenders MLC, Treasurer, on 12 May 2009. The Treasurer provided an overview of his portfolio at the start of the hearing, assisted by Mr Grant Hehir, Secretary; Mr. Dean Yates, Acting Deputy Secretary, Budget and Financial Management Division; Dr. Lynne Williams, Deputy Secretary, Economic and Financial Policy Division; and Mr. John Fitzgerald, Deputy Secretary, Commercial Division, Department of Treasury and Finance. The Committee thanks the Treasurer and accompanying officers for their attendance and assistance.

12.5.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2009-10 (see Volume Two for the transcript of proceedings). Transcripts of the budget estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see Section 12.5.4) are available on the Committee's website. Written answers to questions on notice should be submitted to the Committee by 22 June 2009. These answers will be considered by the Committee for inclusion in a further report.

12.5.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on Federal Government grants and the following (page references refer to the transcript in Volume Two, Section 12.1):

Economic parameters

- the global recession (pp.6-8);
- Victoria's AAA credit rating (pp.7-9); and
- the strength of the Victorian economy compared to the Australian economic conditions and outlook (pp.9-10).

Funding measures and state revenue

- net debt (pp.22-26);
- commitments on the *Building Australia Fund* – capital allocated but not specified (pp.26-27);
- investment returns obtained by the Victorian Funds Management Corporation (pp.10-12);
- commercial returns generated by VicForests in the management of timber (p.17); and
- revenue from the landfill levy (pp.31-32).

Infrastructure and asset investment

- delivery of the *Peninsula Link* asset initiative (pp.15-16);
- *Victorian Transport Plan* – the Dingley Arterial asset initiative (pp.24-25);
- grade separations (pp.21-22); and
- increase in the State's investment in biological assets (pp.16-17).

Employment matters

- job forecasts and Victoria's unemployment rate (pp.18-21);
- impact of changes to wages policy (pp.13-14); and
- vacant senior positions at the Victorian Funds Management Corporation (pp.10-11).

Other issues

- the Government's cycling strategy encompassing regional Victoria (pp.17-18);
- Victoria's projected operating surplus for 2009-10 (pp.28-30);
- multicultural water safety programs (p.30);
- *Industry Transition Fund* (pp.32-33); and
- funding yet to be determined (pp.33-35).

12.5.4 Documents tabled at the budget estimates hearing

The Treasurer provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website.

12.5.5 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Treasurer at the budget estimates hearing (see Appendix 2 - Questions on Notice, and the transcript in Volume Two) relating to:

- Federal Government grants;
- investment return achieved by the Victorian Funds Management Corporation;
- estimated losses across the general government sector from investments made by the Victorian Funds Management Corporation;
- composition of the state's biological assets;
- anticipated reduction in revenue derived from landfill levies; and
- policy for raising the landfill levy.

A written response by the Treasurer to the Committee on these questions is due by 22 June 2009 and will be considered for publication in a further report.

12.6 Finance, WorkCover and Transport Accident Commission Portfolio

12.6.1 Introduction

The Committee received evidence from Mr Tim Holding MP, Minister for Finance, Workcover and Transport Accident Commission, on 15 May 2009. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Mr Dean Yates, Acting Deputy Secretary, Budget and Financial Management Division; Mr Charles Reis, Deputy Secretary, Government Service Group, Department of Treasury and Finance; Mr Greg Tweedly, Chief Executive, Victorian WorkCover Authority; and Ms Janet Dore, Chief Executive Officer, Transport Accident Commission. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

12.6.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2009-10 (see Volume Two for the transcript of proceedings). Transcripts of the budget estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see Section 12.6.4) are available on the Committee's website. Written answers to questions on notice should be submitted to the Committee by 22 June 2009. These answers will be considered by the Committee for inclusion in a further report.

12.6.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on Federal Government grants and the following (page references refer to the transcript in Volume Two, Section 12.2):

Occupational health and safety and Victorian Workcover Authority

- national harmonisation of Occupational Health and Safety laws (pp.3-4);
- WorkSafe initiatives (pp.5-6);
- numbers of inspectors and triggers for workplace inspections (p.6);
- compensation for victims of asbestos-related diseases in Victoria (pp.6-7); and
- reduction of premiums and financial viability (pp.9-10).

Efficient services to government

- CenITex establishment and client base (pp.4-5);
- funding of CenITex and the development of a common desktop environment (pp.7-8);
- staffing arrangements for CenITex (pp.10-11);
- standardisation of information and communication technology arrangements across government (p.13-14);
- savings made from State purchase contracts and future State purchase contracts (pp.11-12); and
- savings made by government as a result of Ancillary Services Activities (pp.15-16).

Transport Accident Commission (TAC)

- strategies to decrease the road toll (pp.8-9); and
- transition of TAC operations to Geelong (p.10).

Other issues

- actions undertaken by TAC and Victorian WorkCover Authority to address the Ombudsman's findings into *Report of an investigation into issues at Bayside Health* (pp.12-13);
- performance measurement and debt management of Government Business Enterprises (pp.14-15); and
- assistance provided by Victorian Managed Insurance Authority to other government departments and agencies affected by the bushfires (p.15).

12.6.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The presentation is available on the Committee's website.

12.6.5 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Minister at the budget estimates hearing (see Appendix 2 - Questions on Notice, and the transcript in Volume Two) relating to:

- Federal Government grants;
- number of workplace inspectors meeting the number specified by the International Labour Organisation's (ILO) benchmark;
- breakeven figure for WorkCover premiums;
- employment arrangements of senior ongoing positions at CenITex;
- use of State Purchase Contracts; and
- savings from ancillary service savings initiative.

A written response by the Minister to the Committee on these questions is due by 22 June 2009 and will be considered for publication in a further report.