



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

2013-14 BUDGET ESTIMATES QUESTIONNAIRE

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

1. Strategic priorities

Question 1

- (a) What are the Department's key strategic priorities underpinning its budget for 2013-14 and over the forward estimates to 2016-17?

The machinery-of-Government changes announced in April 2013 have broadened the Department's focus and strategic priorities to enable a strengthened focus on creating an environment that facilitates growth in jobs and investment to deliver increased wealth to the State.

Responsibilities have been expanded to encompass state development, regional development, energy and resources and whole-of-Government ICT, whilst maintaining the Department's focus on innovation, small business, tourism, manufacturing, aviation, technology, major events and major projects.

The Department is now well positioned to facilitate the development of an environment that supports business growth across all sectors and areas of the State and to facilitate significant projects which require a whole-of-Government approach.

Strategic Priorities underpinning the 2013-14 budget include:

- State Development - providing whole-of-Government policy advice and co-ordination of strategic investment projects and attracting investment opportunities to the State;
- Regional Development – developing opportunities for employment and investment in regional Victoria;
- Energy and Resources - focusing on major development opportunities such as Victoria's coal resources;
- Exports – creating economic opportunity for Victorian businesses by providing export development assistance in relation to product, financing, marketing and logistics;
- Industry assistance – supporting businesses to maximise job growth, business growth and commercial opportunities;
- Manufacturing – continuing to deliver the Manufacturing Strategy;
- Employment – providing employment and skilled migration programs to meet the needs of businesses;
- Regulation reform – tailoring regulation to limit the impact on businesses. Strengthened through the Red Tape Commissioner joining the Department to provide expert advice on reducing business costs;
- Victorian Government ICT Strategy – delivering the actions in the Victorian Government ICT Strategy;
- International Engagement – delivering the engagement strategies for India, the Gulf States and China including continuing Trade Missions; and
- Tourism – increasing the number of visitors and improving their experience.

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

As indicated in response to Question 1(a), the Department's focus has been broadened as a result of the machinery-of-Government changes outlined above.

- (c) What are the impacts of any differences in the Department's strategic priorities between 2012-13 and 2013-14 on funding and resource allocation in the 2013-14 Budget?

The broadening of the Department's strategic priorities as, outlined above, has resulted in additional funding and resources for the establishment of the Office of State Development to facilitate whole-of-Government coordination of strategic investment projects and to promote Victoria as a place to invest.

Funding and resources will also be transferred from the former Department of Primary Industries to support the Energy and Resources output and from the former Department of Planning and Community Development to support the Regional Development and Regional Cities output.

Funding and resources to support whole-of-Government ICT services and the Red Tape Commissioner will be transferred from the Department of Treasury and Finance and funding and resources to support private sector industrial relations advice had been transferred to the Department of Treasury and Finance.

- (d) Please identify any programs or initiatives (asset or output) over \$2 million relevant to the Department that have been curtailed, deferred, discontinued or completed as a result of changes in strategic priorities between 2012-13 and 2013-14. In describing the programs or initiatives, please use the same names as are used in the budget papers where applicable.

No programs or initiatives have been curtailed, deferred, discontinued or completed as a result of changes in the strategic priorities between 2012-13 and 2013-14.

Question 2

Please identify any programs or initiatives that have lapsed in 2012-13 (i.e. will not be continued in 2013-14). For each program or initiative, please indicate the expenditure on this program/initiative in 2012-13 and the impact on the community of the lapsing. In describing the programs or initiatives, please use the same names as are used in the budget papers where applicable.

Program or initiative	Expenditure in 2012-13 (\$ million)*	Impact on the community
Victorian Government Expo Centre	0.3	Program responsibility moved to Department of Premier and Cabinet.
Olivia Newton John Cancer and Wellness Centre	18.2	Program completed. Grants have been made in accordance with funding allocated.
Textile and Fashion Hub	0.1	Program completed. Hub established in accordance with election commitment.
Thinking Global: Victoria's action plan for international education	2.1	Superseded by Victoria - Leader in Learning program (election commitment)
Carbon Markets	2.1	Program completed.
Victorian Industry and Manufacturing Strategy (VIMS) - various components	4.7	This program has been replaced by components of the Manufacturing Statement initiatives approved in the 2012-13 Budget.
2012 Expo in Yeosu South Korea	0.4	Expo has now been staged.
Skills for Growth	9.4	This program has been replaced by the SuccessMap for Small Business initiative approved in the 2012-13 Budget.
Green Working Committee	0.4	Industry Sustainability Working Committee established.
Climate Change - Sustainable transport energy and low emission vehicles	0.2	Program completed.
VBRRA Transitional Funding - Tourism Recovery	0.9	Program completed.
Powerline Relocation Scheme	1.0	The cessation of the scheme reflects a reordering of Government priorities including responding to the 2009 Victorian Bushfire Royal Commission recommendation through the \$750 million Powerline Bushfire Safety Program.
Wind Energy – Shared Benefits Framework	0.24	Fixed term initiative concluded however information will continue to be provided to the community regarding wind farm development approvals and project status via the Department's website.
* Forecast expenditure		

Question 3

What are the key Government policies applicable to the Department in 2013-14?

- Securing Victoria's Economy: Planning. Building. Delivering
 - A More Competitive Manufacturing Industry: New Directions for Industry Policy and Manufacturing
 - Engaging China – Strengthening Victoria
 - Securing the Future – Victoria's Defence Industry Strategy
 - Victoria and India from Engagement to Partnership 2013
 - Victoria – Gulf States Engagement Strategy 2013
 - Victoria – Leading eResearch Capability
 - Victorian Design Initiatives 2012-15: Designing the Future
 - Victorian Government ICT Strategy 2013 to 2014
 - Victoria's China Tourism Strategy
 - Victoria's Technology Plan for the Future: Biotechnology
 - Victoria's Technology Plan for the Future: Information and Communication Technology –
 - Victoria's Technology Plan for the Future: Small Technologies
 - Regional Growth Fund Policy
 - Regional Cities Growth Policy

Question 4 (Department of Treasury and Finance only)

Please outline how the recommendations made by the Independent Review of State Finances in its April 2011 Interim Report and 2012 Final Report have been reflected in the development of the 2013-14 Budget and forward estimates.

Not applicable to DSDBI

Question 5 (Department of Treasury and Finance only)

The VCEC released its final report on its Inquiry into a State-Based Reform Agenda in January 2012. Please outline how the recommendations emanating from the VCEC inquiry have been reflected in:

(a) strategic priority formulation;

Not applicable to DSDBI

(b) budget strategies; and

Not applicable to DSDBI

(c) the development of the 2013-14 Budget and forward estimates.

Not applicable to DSDBI

2. Budget preparation

Question 6 (Department of Treasury and Finance only)

Please detail the economic forecasts which had the most significant impact on framing the 2013-14 Budget, detailing for each the major revenue and expenditure items in the budget that have been affected.

Economic forecast	Affected items in the budget
Not applicable to DSDBI	

Question 7 (Department of Treasury and Finance only)

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

- the amount provided for 2012-13 in the 2012-13 Budget; and
- the amount provided for 2013-14 in the 2013-14 Budget

Not applicable to DSDBI

Question 8 (Department of Treasury and Finance only)

In relation to the estimated financial statements for the general government sector (estimated operating statement and estimated balance sheet), please explain any variations of more than 10 per cent (or greater than \$100 million) between the estimates for 2013-14 published in the 2012-13 budget papers, and the budget forecasts for 2013-14 shown in the 2013-14 budget papers.

Line item	Reason for variation
Not applicable to DSDBI	

Question 9 (Department of Treasury and Finance only)

(a) What new features have been incorporated in the budget papers for 2013-14 and why?

Not applicable to DSDBI

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

Not applicable to DSDBI

3. Spending

Question 10

For your department, please explain any variations of more than 10 per cent (or greater than \$100 million) between the revised estimate for 2012-13 and the target for 2013-14 for expenses from transactions (as presented in the Department's operating statement in the Statement of Finances budget paper) that relate to the following line items:

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

	2012-13 (Revised estimate)	2013-14 (Budget)	Explanation for any variances greater than $\pm 10\%$ (or greater than \$100 million)
	(\$ million)	(\$ million)	
Employee benefits	130.8	134.6	Variance: (-3%)
Grants and other transfers	535.9	461.8	Variance: (-14%) Grants received through the Major Events Trust (\$74.6m) are held centrally by DTF and released to the Department on a bi-annual basis. These grants are included in the 2012-13 Revised Estimate however they are not included in the DSDBI 2013-14 Budget.

	2012-13 (Revised estimate)	2013-14 (Budget)	Explanation for any variances greater than ±10% (or greater than \$100 million)
Other operating expenses	262.5	454.2	Variance: (73%) The variance is mainly due to the increase in expenditure against external revenue/cost of lands sales primarily related to the Kew Residential Redevelopment project being brought forward and expected to be completed in 2013-14. The other major increase is due to re-phrasings of some fixed-term Energy initiatives from 2012-13 to 2013-14. In particular, CarbonNet, Low Emissions Energy Technology, Coal Seam Gas and Large Coal Mining Development; and Powerline Bushfire Safety Program.
Major components of 'other operating expenses' (please supply categories):			
Cost of Goods Sold – External	77.9	163.8	Variance (110%) Mainly due to the cost of land sales related to the Kew Residential Redevelopment Project. The project has been brought forward and is now expected to be completed in 2013-14.
Professional and Contracted Services (Contractors)	56.2	55.4	Variance (-1%)
Marketing and Media	22.7	27.1	Variance (20%) Higher costs expected due to additional funding for Tourism marketing campaigns.
Accommodation Services	15.5	15.9	Variation (2%)
Capital Asset Charge	9.5	9.4	Variation (-1%)
Purchase of Services – Intra-government (Cenitex)	7.6	7.8	Variation (-1%)

	2012-13 (Revised estimate)	2013-14 (Budget)	Explanation for any variances greater than $\pm 10\%$ (or greater than \$100 million)
Computer Services and Equipment	7.8	8.9	Variation (13%) Growth in IT costs.

Expenses for employee benefits, grants and other transfers and other operating expenses include machinery of Government changes. However the breakdown of the components and the variance explanations and components of 'other operating expenses' are based on pre machinery of Government changes.

Not applicable.

Question 11 (Department of Treasury and Finance only)

With respect to the line item 'Net cash flows from investments in financial assets for policy purposes' in the general government sector cash flow statement, please identify:

- the main projects facilitated through this expenditure in 2013-14 and the forward estimates;
- the amount of funding for each of those projects in 2013-14; and
- what policy objectives underlie the choice of investments.

Not applicable to DSDBI

Project	Value of funding (\$ million)	Policy objectives

4. Efficiencies and savings

Question 12

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

- (a) what actions the Department will take in 2013-14 to meet the savings targets;
- (b) any impact that these actions will have on the delivery of services; and
- (c) please identify the Department's savings target for 2013-14, with an explanation for any variances between the current target and what was originally published in the budget papers when the initiative was released.

Initiative	Actions the Department will take in 2013-14	Impact of these actions on service delivery	Savings target for 2013-14 (\$ million)	Explanation for variances to the original target
Government election commitment savings (2011-12 Budget)	Savings have been applied and annual budgets reduced to ensure the target savings are met.	Focus of these savings was on Government advertising. Further FTE savings were achieved through the capping of Head Office staff and CPI flow on.	13.8	Original Target has been achieved.
Measures to offset the GST reduction (2011-12 Budget)	Savings have been applied and annual budgets reduced to ensure the target savings are met.	Some programs have been targeted for budget reductions where possible.	18.1	Original Target has been achieved.
Capping departmental expenditure growth (2011-12 Budget Update)	Savings have been applied and annual budgets reduced to ensure the target savings are met.	Department expenditure has been reduced where possible including the withholding of CPI increases included in future budgets related to operational expenditure.	10.5	Original Target has been achieved.

Initiative	Actions the Department will take in 2013-14	Impact of these actions on service delivery	Savings target for 2013-14 (\$ million)	Explanation for variances to the original target
Maintain a sustainable public service (2011-12 Budget Update)	Savings have been applied and annual budgets reduced to ensure the target savings are met.	Employee related budget has been reduced and work has been done to achieve the full savings required under this initiative, including the non-renewal of non-urgent fixed term contracts, natural attrition and Voluntary Departure packages.	13.4	Original Target has been achieved.
Savings (2012-13 Budget)	Savings have been applied and annual budgets reduced to ensure the target savings are met.	Contractors and Consultancies budget has been reduced as well as some programs that have been targeted for budget reductions where possible.	19.9	Original Target has been achieved.
Efficiency measures (2012-13 Budget Update) Early progress of Sustainable Government Initiative.	The Department continues to identify administrative savings to be achieved during 2013-14 to ensure the savings targets are met.	Savings resulting from faster than anticipated take-up of the SGI and flow on savings in back office administrative positions.	4.8	

Question 13

Budget Paper No.2 for 2011-12 and 2012-13 indicated that funding previously allocated to departments for expenditure in 2013-14 was 'reprioritised or adjusted' to fund new initiatives. Please provide the following information about your department's share of the funding reprioritised and adjusted in these budgets and the 2013-14 Budget.

Budget in which funding was reprioritised or adjusted	What the reprioritised and adjusted funding was initially provided for	How much of the Department's funding was reprioritised or adjusted (\$ million)
2011-12	General Recurrent expenditure.	0.8
2012-13	The Energy Technology Innovation Strategy (ETIS) (\$8.8 million) Restructuring of funding for a range of Tourism, Manufacturing and International programs.(\$7.7 million)	16.5
2013-14	The Energy Technology Innovation Strategy (ETIS) (\$8.9 million) Business Victoria Online (\$2.4 million)	11.3

5. Asset and output initiative funding

Question 14

Please break down the Department's total output funding for 2013-14 (as provided in the Service Delivery budget paper) according to the amounts from:

- (a) output initiatives in the 2013-14 Budget;
- (b) non-ongoing initiatives released in previous budgets; and
- (c) base funding/ongoing funding.

Funding for initiatives released in the 2013-14 Budget	Funding for non-ongoing initiatives released in previous budgets	Base funding/ongoing funding	Total output cost (as in Service Delivery budget paper)
(\$ million)	(\$ million)	(\$ million)	(\$ million)
51.7	708.1	298.7	1058.5

Question 15

The Department of Treasury and Finance has indicated to the Committee that '*the service benefits delivered through the asset investment are reflected in changes to the Budget Paper 3 Performance Measures*'.¹ Please list all performance measures that have been adjusted in 2013-14 as a result of recently completed asset investment projects.

Not applicable, as there has been no asset investment requiring adjustment to performance measures for 2012-14.

¹ Department of Treasury and Finance, response on the Committee's 2009-10 and 2010-11 financial and performance outcomes Questionnaire — Part Two, received 24 January 2012, p.9

Question 16 (Department of Treasury and Finance only)

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

Not applicable to DSDBI

	2013-14	2014-15	2015-16	2016-17
Value of payments for PPP projects (\$ million)				
Projects for which payments will start in the year				

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

Question 17

In relation to 2013-14, please outline any new revenue-raising initiatives and/or major changes to existing revenue initiatives. For each initiative/change, please explain:

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

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

The Department of State Development, Business and Innovation has no new revenue raising initiatives and/or major changes to existing revenue initiatives that have been approved for 2013-14.

In relation to 2013-14, please outline any new tax expenditures or concession/subsidy initiatives and/or major changes to existing tax expenditures or concession/subsidy initiatives. For each initiative/change, please explain:

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

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

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

Question 19

For the Department's income categories (as appear in the Department's operating statement in the Statement of Finances budget paper), please provide an explanation for any items that have a variance of greater than 10 per cent or \$100 million between the revised estimate for 2012-13 and the budget for 2013-14.

Income category	Explanation*
Grants	Variance (100%) Major Events funding is provided via a trust arrangement on a bi-annual basis. The Major Events fund is held centrally by DTF, which results in the revised estimate for 2012-13 showing the funding received however the budget for 2013-14 does not.
Other Income	Variance (112.2%) The sales estimate for the Kew Land Sales program was updated due to the program being brought forward and expected to be completed in 2013-14.

7. Grants from the Commonwealth**Question 20**

What impact have developments at the Commonwealth level had on the Department's component of the 2013-14 State Budget?

Funding of \$60.7 million has been provided in 2013-14 by the Commonwealth for Carbon Net and \$3.0 million for Regional Development Australia

Question 21 (Department of Treasury and Finance only)

Please explain how any major changes between financial agreements with the Commonwealth have impacted on the State Budget for 2013-14, e.g. health and hospitals reform.

Not applicable to DSDBI

Question 22 (Department of Treasury and Finance only)

What has been the impact of any changes to Victoria's share of the GST pool for 2013-14 and beyond? Please detail any actions that the State Government has taken in response to changes in the value of general purpose grants in 2013-14.

Not applicable to DSDBI

8. Net debt**Question 23 (Department of Treasury and Finance only)**

In relation to the net debt projections for the non-financial public sector for the 2013-14 budget year and over the forward estimates to 2016-17, please provide a break-down of the spread of net debt between the general government sector (GGS) and each of the main public non-financial corporations (PNFCs) concerned.

Not applicable to DSDBI

GGS/PNFC entity	Net debt, 30 June 2013	Net debt, 30 June 2014	Net debt, 30 June 2015	Net debt, 30 June 2016	Net debt, 30 June 2017

Question 24 (Department of Treasury and Finance only)

What factors or assumptions have led to changes to the estimates of borrowings and net debt for 2013 and the forward estimates between the 2012-13 Budget and the 2013-14 Budget?

Not applicable to DSDBI

9. Geographic considerations

Question 25

Please complete the following table for up to five of the Department's largest projects (in terms of expenditure) benefiting:

- (a) regional and rural Victoria; and

Project benefiting regional and rural Victoria	Budget allocation for 2013-14 (\$ million)	New or existing project?	Purpose of the project	How is the funding to be spent?	What performance measures are in place?	Expected net benefits	Net present value (in 2013 dollars), where applicable
1. Regional Blueprint Initiatives	12.0	Existing	To support regions to realise their priorities and ensure future generations continue to enjoy living in regional Victoria.	Grants	Contributes to <i>Investment facilitated in regional Victoria</i> and <i>Jobs derived from investment facilitated in regional Victoria.</i>	Contributes to the overall 2013-14 target for these measures: \$660 million 800 jobs derived	N/A
2. Regional Aviation Fund	10.0 (Incl. \$5 m re-phased from 2011-12)	Existing	Assist with the infrastructure development and increase the viability of regional public-use airports	Grants	Contributes to <i>Investment facilitated in regional Victoria</i> and <i>Jobs derived from investment facilitated in regional Victoria.</i>	Contributes to the overall 2013-14 target for these measures: \$660 million 800 jobs derived	N/A

Project benefiting regional and rural Victoria	Budget allocation for 2013-14 (\$ million)	New or existing project?	Purpose of the project	How is the funding to be spent?	What performance measures are in place?	Expected net benefits	Net present value (in 2013 dollars), where applicable
3. Regional Growth Fund	\$157.5 m (inc \$11 m for the Geelong Advancement Fund)	Existing	<p>The Regional Growth Fund is an 8 year initiative for regional Victoria to:</p> <ul style="list-style-type: none"> • Provide better infrastructure, facilities or services. • Strengthen the economic base of communities. • Create jobs and improve career opportunities for regional Victorians. 	Grants	<p>The performance measures for the Regional Growth Fund that are included in Budget Paper No. 3 are:</p> <ul style="list-style-type: none"> • Regional infrastructure projects Approved by the Minister * • Economic development, service delivery and community capacity projects funded • Number of towns included in the Energy for the Regions Program • Putting Local First Fund projects recommended by Regional Development Committees approved for funding • Local Government Infrastructure Program Grants paid within the timeframe specified in the terms and conditions of the funding agreement * <p>* Two proposed changes</p>	<p>The benefits include:</p> <ul style="list-style-type: none"> • Stronger Victorian regional economy. • More job opportunities and improved career options for regional Victorians. • More sustainable and resilient regional communities • Local communities able to lead development in their region. 	N/A

Project benefiting regional and rural Victoria	Budget allocation for 2013-14 (\$ million)	New or existing project?	Purpose of the project	How is the funding to be spent?	What performance measures are in place?	Expected net benefits	Net present value (in 2013 dollars), where applicable
4. Sustainable Small Towns Development Fund	\$13.0	Existing	The purpose of the Fund is to enhance economic growth and the appeal and liveability of rural townships and surrounding areas by developing economic and social infrastructure.	Grants	The performance measure for the Sustainable Small Towns Development Fund that is included in Budget Paper 3: <ul style="list-style-type: none"> Regional infrastructure projects funded 	Projects will enhance business competitiveness or economic activity, improve liveability and social cohesion, and improve resilience and adaptability to changing circumstances.	NA
5. Marysville Hotel and Conference Centre	\$12.6 Note: rephased from 2012-13	Existing	The purpose of this initiative is to develop a new Hotel & Conference Centre in Marysville in partnership with the private sector.	Funding will be spent to facilitate the construction and operation of the Marysville Hotel & Conference Centre.	RDV will monitor the achievement of milestones through the funding agreement.	Benefits include: <ul style="list-style-type: none"> Stimulation and facilitation of private sector business confidence into Marysville. Provision of new employment opportunities for the local and surrounding communities. Stimulation and increase of tourism visitation to Marysville. 	NA
6. Geelong Development Fund	\$15.0		The purpose of this initiative is to generate jobs and improve liveability in the state's second largest city.	Grants	RDV will monitor the achievement of milestones through funding agreements.	Projects will enhance business competitiveness and economic activity, foster skills and improve liveability.	N/A

Project benefiting regional and rural Victoria	Budget allocation for 2013-14 (\$ million)	New or existing project?	Purpose of the project	How is the funding to be spent?	What performance measures are in place?	Expected net benefits	Net present value (in 2013 dollars), where applicable
7. The CarbonNet project	15.250 (State funds)	Existing	<p>The CarbonNet project is a feasibility study investigating the potential for establishing a large-scale carbon, capture and storage (CCS) network.</p> <p>In February 2012 the Australian Government selected the CarbonNet project as a CCS Flagships project with combined funding of \$100 million (State share \$30 million) for undertaking feasibility.</p>	Funding is planned to be spent on progressing feasibility works complying with Commonwealth Funding Agreements. Works include evaluation of potential storage sites, assessment of regulatory requirements, development of a business model and analysis of technical issues.	<p>Facilitate delivery of milestones in line with grant agreements for the large-scale Carbon capture and Storage demonstration program.</p> <p>Facilitate delivery of milestones for the feasibility stage of the CarbonNet project.</p> <p>Facilitate delivery of the implementation plan for the CarbonNet geoscience evaluation program by 2014.</p>	The determination of whether CCS is viable as a technology to mitigate greenhouse gas emissions. This may support long-term electricity market security of supply and price stability and the potential long-term sustainable investment in developing Victoria's resources.	N/A (the project is still in the Feasibility stage)

Project benefiting regional and rural Victoria	Budget allocation for 2013-14 (\$ million)	New or existing project?	Purpose of the project	How is the funding to be spent?	What performance measures are in place?	Expected net benefits	Net present value (in 2013 dollars), where applicable
8. Powerline Bushfire Safety Program (PBSP)	18.2	Existing	Implementation of Government actions to address the 2009 Victorian Bushfire Royal Commission recommendations.	The PBSP aims to reduce the risk of bushfires caused by electrical assets. Includes funding for the replacement of the most dangerous powerlines, funding for the delivery of back-up power generators to residential care facilities in high risk areas and a research and development program to support the development of risk reduction technologies.	Delivery of key milestones for the PBSP work program. Target = 100%.	The delivery of back-up power generators will reduce the impact of power outages to the most vulnerable customers at residential care facilities that may be impacted by changes to network settings on Total Fire Ban and Code Red days. The program will reduce the likelihood of powerline assets causing bushfires in targeted areas of high bushfire risk.	N/A

(b) metropolitan Melbourne.

Project benefiting metropolitan Melbourne	Budget allocation for 2013-14 (\$million)	New or existing project?	Purpose of the project	How is the funding to be spent?	What performance measures are in place?	Expected net benefits	Net present value (in 2013 dollars), where applicable
1. Investment Support Program	40.0	New/ Existing	Provides financial incentives to attract 'footloose' investment to increase economic activity and boost productivity.	Grants	Contributes to <i>Investment facilitated</i> and <i>Jobs derived from investment facilitated.</i>	Contributes to the overall 2013-14 target for these measures: \$2,000 million 4,250 jobs derived	
2. Biomedical Research	26.5	Existing	Provides funding to Victoria's 13 independent medical research institutes to further research in the Biomedical fields.	Grants	This initiative contributes to <i>the Operational infrastructure support grants under management.</i>	Contributes to the overall 2013-14 target for this measure: 12 operational grants	

Project benefiting metropolitan Melbourne	Budget allocation for 2013-14 (\$million)	New or existing project?	Purpose of the project	How is the funding to be spent?	What performance measures are in place?	Expected net benefits	Net present value (in 2013 dollars), where applicable
3. Victorian Innovation Statement	17.9	Existing	Provide investment to put science, technology and innovative capabilities to work and deliver benefits to all Victorians.	Grants	This initiative contributes to <i>Business provided with research and development assistance</i> and <i>Companies linked to business networks.</i>	Contributes to the overall 2013-14 target for these measures: 180 business provided with assistance 300 companies linked to business networks	
4. Technology Plan - Biotechnology	17.5	Existing	Supports the development and commercialisation of biotechnology research as part of its goal to establish Victoria as one of the leaders in the new global 'knowledge economy'.	Grants	This initiative contributes to <i>Business provided with research and development assistance</i> and <i>Companies linked to business networks</i>	Contributes to the overall 2013-14 target for these measures: 180 business provided with assistance 300 companies linked to business networks	
5. World Class R&D	10.5	Existing	Funding for National ICT Australia Victoria research laboratory and institute for a broadband enabled society.	Grants	This initiative contributes to <i>Business provided with research and development assistance</i> and <i>Companies linked to business networks</i>	Contributes to the overall 2013-14 target for these measures: 180 business provided with assistance 300 companies linked to business networks	

Project benefiting metropolitan Melbourne	Budget allocation for 2013-14 (\$million)	New or existing project?	Purpose of the project	How is the funding to be spent?	What performance measures are in place?	Expected net benefits	Net present value (in 2013 dollars), where applicable
6. Advanced Metering Infrastructure (smart meters) Program	4.7	Existing	A major upgrade of Victoria's electricity infrastructure through the replacement of existing energy meters with new digital smart meters by the end of 2013. This allows for electricity usage data to be sent automatically to electricity suppliers.	The provision of the policy and regulatory environment to deliver the core and advanced program benefits. Providing consumers the information and tools they need to make informed decisions about managing their energy usage.	Delivery of the Advanced Metering Infrastructure program in line with planned project milestones. Target = 100%.	Enabling the energy industry to better deal with emerging and future challenges for the delivering of electricity to consumers. Helping consumers to understand and improve their energy usage and enable choice and greater management of their power bills.	\$2.3 million (\$ 2011) based on AMI Cost / Benefit Analysis.

10. Performance measures

Question 26

For each initiative (asset or output) in the 2013-14 Budget with a total cost over the forward estimates greater than \$20 million (or a TEI over \$20 million), please list all new and existing performance measures in the budget papers related to the initiative. In describing initiatives, please use the same names as are used in the budget papers.

No Department of State Development, Business and Innovation initiatives in the 2013-14 Budget have a total cost over the forward estimates greater than \$20 million.

Question 27

Please indicate any changes that the Department has made since the 2012-13 Budget to increase the number of its performance measures that are outcomes-based.

The Department of State Development, Business and Innovation undertook a major review of its performance structure leading into the 2012-13 Budget. In 2012-13, the focus has been on the development of the Department's Major Projects Performance measures.

Three new measures have been developed:

- *Management of Major Projects Victoria projects complies with contracted time;*
- *Management of Major Projects Victoria projects complies with contracted cost; and*
- *Management of Major Projects Victoria projects complies with contracted scope.*

These measures better recognise Major Projects Victoria's role as a contract manager and separate out the key components of project management – managing cost, time and scope within agreed parameters for projects under contract commencing 1 July 2013. Any projects contracted during 2013-14 will be included in the 2014-15 reporting period.

Projects that are completed in 2013-14 will be reported on for 2013-14 reporting requirements and withdrawn in 2014-15. The criterion applied for scope is 'no material change' and for time and cost it is +/- 5 per cent in the financial year.

A number of new measures have been added in recognition of major initiatives being undertaken through the Department:

- *Melbourne Markets Project complies with scope, budget and time'. Time, budget and scope were reset in the 2011-12 financial year.*
- *Facilitate delivery of milestones in line with grant agreements under the Low Emission Energy Technologies program* introduced to reflect performance in meeting agreed milestones for projects under the \$41 million Low Emission Energy Technologies program.
- *Facilitate delivery of milestones in line with grant agreements under the Advanced Lignite Demonstration program* to reflect performance in meeting agreed milestones for projects under the joint State/Commonwealth \$90 million Advanced Lignite Demonstration program.
- *Number of mine stability audits* to reflect the Mine Stability initiative.
- *Delivery of stakeholder engagement information forums as part of the Clean Coal Victoria work program* to reflect the Clean Coal Victoria Extension initiative.

The Public Accounts and Estimates Committee (PAEC) recommended the reinstatement of 11 performance measures in the 111th Report to Parliament, *Report on the 2012-13 Budget Estimates – Part One* (June 2012). These measures have been reinstated for inclusion in the 2013-14 Budget Papers except for the measure '*Percentage of funded science projects that are industry led*'. This measure is recommended for discontinuation in 2013-14 as it relates to a single science program which has had all its funds committed

and there will be no future activity.

A further review will be undertaken in 2013-14 based on machinery of Government changes.

Question 28 (Department of Treasury and Finance only)

Please outline any changes since the 2012-13 Budget to the Department of Treasury and Finance's processes of quality assuring other departments':

(a) performance targets in the budget papers;

Not applicable to DSDBI

(b) expected outcomes published in the budget papers; and

Not applicable to DSDBI

(c) the comprehensiveness of performance measures published in the budget papers.

Not applicable to DSDBI

Question 29

Please detail the processes undertaken by the Department to ensure that the '2012-13 expected outcome' for each performance measure published in the 2013-14 budget papers is a reasonable estimate.

The expected outcome is based on outcomes to date and forecasts for the remaining period.

A conservative approach is taken to assess expected outcomes. In the absence of strong indications that a target is expected to be significantly over or under, the expected outcome is consistent with the target. Consultation with internal and external stakeholders occurs, where relevant, during this process.

Question 30

In setting targets for performance measures in the 2013-14 budget papers, to what extent did the Department consider the '2012-13 expected outcomes' that were provided for the 2013-14 budget papers?

Depending on the specific measure, a range of internal and external factors are taken into account when setting performance measure targets.

Expected outcomes for the previous year are one category of these considerations, with reasons behind any variance from target and whether those reasons are likely to continue.

Other considerations included the impacts of changes to funding, the current pipeline of activity, and forecast economic conditions.

An example of this is the measures for investment facilitation. At the recommendation of PAEC and VAGO, a review of the investment facilitation measures was undertaken and a new methodology developed. This links past departmental performance with the latest trend in private investment activity to derive an initial benchmark. This benchmark has been adjusted for the known investment pipeline, the likely level of resources available and expectations of future investment behaviour that are not adequately captured by the official

data to derive a target.

11. Staffing matters

Question 31

Please fully complete the table below, providing actual FTE staff numbers at 30 June 2012 and estimates of FTE staff numbers (broken down by the categories listed below) at 30 June 2013 and 30 June 2014 for the Department. Please provide figures consolidated on the same basis as the expenditure for the Department in the budget papers.

Grade	30 June 2012 (FTE number)	30 June 2013 (estimated FTE number)	30 June 2014 (estimated FTE number)
Secretary	1.0	1.0	1.0
EO-1	2.0	2.0	2.0
EO-2	18.0	19.0	20.0
EO-3	38.0	34.0	36.0
VPS Grade 7 (STS)	10.4	11.5	11.5
VPS Grade 6 (incl. Principal Solicitor)	288.4	277.8	292.8
VPS Grade 5	272.3	244.3	259.3
VPS Grade 4	189.7	176.2	181.2
VPS Grade 3	122.2	116.8	118.8
VPS Grade 2	34.1	21.7	21.7
VPS Grade 1	1.0	1.0	1.0
Other (incl. Principle Scientists & Ministerial Drivers)	16.4	18.0	18.0
Science D	2	2.0	2.0
Science C	7.6	5.8	5.8
Science B	4.4	3.4	3.4
Science A	2.0	0.0	0.0
WDC 3	0.0	0.0	0.0
WDC 2	0.0	0.0	0.0
Total	1009.5	934.5	974.5

The numbers in the above table are estimates only and include preliminary estimated numbers for machinery of Government changes.

Please note that the above figures include Tourism Victoria.

Question 32

Please break down the actual staff numbers in your department as at 30 June 2012 and the estimates as at 30 June 2013 and 2014 according to the number of staff that are ongoing, fixed-term or casual

	30 June 2012 (FTE number)	30 June 2013 (FTE number)	30 June 2014 (FTE number)
Ongoing	886.9	842.4	872.4
Fixed-term	122.1	91.6	101.6
Casual	0.5	0.5	0.5
Total	1009.5	934.5	974.5

The numbers in the above table are estimates only and include preliminary estimated numbers for machinery of Government changes.

Please note that the above figures include Tourism Victoria.

Question 33

Please indicate, for 2012 and each year of the forward estimates, the estimated total number of VPS positions and non-VPS positions that the Department expects to have as at 30 June.

	30 June 2012 (FTE number)	30 June 2013 (FTE number)	30 June 2014 (FTE number)	30 June 2015 (FTE number)	30 June 2016 (FTE number)	30 June 2017 (FTE number)
VPS positions	993.1	916.5	956.5	956.5	956.5	956.5
Non-VPS positions	16.4	18.0	18.0	18.0	18.0	18.0

The numbers in the above table are estimates only and include preliminary estimated numbers for machinery of Government changes.

Please note that the above figures include Tourism Victoria.

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Please detail any expected impacts on the Department of changes to staff numbers in 2013-14 and how they will be mitigated.

Due to implementation of the Sustainable Government Initiative (SGI) and a freeze on recruitment, staff numbers fell below the Department's target staff complement in 2012-13. Staff are expected to be recruited in 2013-14 to support the achievement of the strategic priorities of the newly formed Department.

Question 35

Please detail the actual amount that the Department spent on contractors and consultants in 2011-12 and the estimated expenditure in 2012-13 to 2016-17 (for a definition on the difference between consultants and contractors, see FRD 22B – Standard Disclosures in the Report of Operations). Please provide figures on the same basis of consolidation for the Department as used in the budget papers.

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	(\$ million)					
Consultants	1.3	0.4	0.7	0.7	0.7	0.7
Contractors	40.7	41.6	41.6	41.6	41.6	41.6

12. Previous recommendations

Question 36

For each recommendation in the Committee's *Report on the 2012-13 Budget Estimates* that relates to an area relevant to your department or one of its portfolio agencies, please indicate:

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

Part	No.	Recommendation	Has the action specified in the recommendation been implemented?	If yes:		If no:
				How has it been implemented?	What publicly available information, if any, shows the implementation?	Why not?
1	3	<p>The Department of Business and Innovation improve the quality of information provided when proposing to discontinue performance measures in future budget papers. In particular, where a measure is to be replaced by a new measure, the budget papers should specify:</p> <p>(a) which new measure is replacing the discontinued one; and</p> <p>(b) how the new measure provides a stronger basis for the evaluation of performance in specific service delivery.</p>	Yes	<p>The recommendation has been implemented in the 2013-14 Budget Papers.</p> <p>Two measures are being replaced : <i>'Registration for on-line services'</i> and <i>'Delivery of nominated Major Projects Victoria projects complies with agreed plans and contractual frameworks.'</i></p> <p>The footnotes indicate which new measure is replacing the discontinued one and how the new measure provides a stronger basis for evaluating performance.</p> <p>A number of other measures are proposed to be discontinued as a result of completion or transitioning from an active phase (<i>'Percentage of funded science projects that are industry led'</i>, <i>'Advice provided to government about the bushfire reconstruction and recovery process within agreed timelines'</i> and <i>'Facilitate delivery of milestones in line with grant agreements for Energy Technology Innovation Strategy large-scale demonstration projects'</i></p>	The 2013-14 Budget Papers.	

Part	No.	Recommendation	Has the action specified in the recommendation been implemented?	If yes:		If no:
				How has it been implemented?	What publicly available information, if any, shows the implementation?	Why not?
1	4	The Department of Business and Innovation develop a number of new measures in time for the 2013-14 Budget. There should be sufficient new measures to ensure that all major areas of activity are reported on adequately. The new measures should also include quality measures for all major activities where possible.	Yes	<p>The Department is taking a phased approach to the review of its performance measures.</p> <p>For 2013-14, three new performance measures have been developed to measure Major Projects Victoria performance.</p> <p>Further review will be undertaken in 2013-14, which will take into account the Department's broadened responsibilities.</p>	The 2013-14 Budget Papers.	