



Minister for Water

Ref: DEPI01013

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Mr David Morris MP
Chair
Public Accounts & Estimates Committee
Parliament House
Spring Street
EAST MELBOURNE VIC 3002

3 1 JUL 2013

Dear Mr Morris

David

2013-14 BUDGET ESTIMATES HEARINGS - AGRICULTURE AND FOOD SECURITY PORTFOLIO/WATER PORTFOLIO

Thank you for your letter confirming the questions taken on notice during the Agriculture and Food Security and Water portfolio 2013-14 Budget Estimates Hearings.

Please find attached my responses to these questions, providing the additional information the Committee has requested.

If you or your staff require any clarification on these responses, please contact Matthew Clancy, Executive Director Finance and Planning, on 9637 8807.

Yours sincerely

Peter Walsh

PETER WALSH MLA
Minister for Water



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ATTACHMENT 1.1: QUESTIONS TAKEN ON NOTICE AND FURTHER INFORMATION AGREED TO BE SUPPLIED AT THE HEARINGS

AGRICULTURE AND FOOD SECURITY PORTFOLIO

Question 1:

Please provide particulars about what components make up the following spending reduction targets for the Agriculture and Food Security portfolio in 2013-14:

- a. savings initiatives from previous budgets (estimated at approximately \$40 million in the hearing); and
- b. 'existing resources' reductions (Budget Paper No.3 2013-14 Service Delivery, p.11, estimated at approximately \$5 million for 2013-14 in the hearing).

(Page 6 of the Agriculture and Food Security portfolio transcript)

Reply:

- a) Our Government's economic reform strategy seeks to manage the current economic challenges in order to position the Victorian economy to take advantage of new opportunities. We are building a stronger budget position across the forward estimates period by promoting productivity and achieving efficiency gains within DEPI.

The Department of Environment and Primary Industries (DEPI) budget is in line with the Government's long term financial management objectives, being:

- Managing responsibly
- Looking after the future
- Managing the unexpected
- Improving services
- Maximising community benefit.

As our Government has indicated, the department is implementing efficiencies and savings that have been implemented by both the former Department of Sustainability and Environment and Department of Primary Industries. The savings target is for the consolidated department, that is DEPI.

The efficiencies and savings identified by DEPI ensure that there is no impact on service delivery and will focus on:

- moving to a regionally based delivery structure
- head office, non-service delivery administrative savings, stocks and materials
- freeze on recruitment to bring staff back to historical levels
- lapsing of fixed term positions

- corporate reform
- natural attrition
- Voluntary Departure Program through the Sustainable Government Initiative.

Savings targets are in line with whole of government ratios.

- b) In the 2013-14 budget, our Government has provided approximately \$140 million in funding for DEPI initiatives. In light of the current fiscal environment, the Department has identified areas where existing resources can be used to fund these new initiatives, without impact on service delivery. Existing resources include reprioritisation of programs that have experienced slower than anticipated take up, and revenue from licences issued by the Department.

Question 2:

Please provide the reasons why the target for the performance measure ‘Significant customer interactions to facilitate export outcomes’ is significantly below previous actual results for this measure.

(Page 9 of the Agriculture and Food Security portfolio transcript)

Reply:

The lower 2012-13 and 2013-14 targets for the performance measure ‘Significant customer interactions to facilitate export outcomes’ reflect a greater emphasis on targeted interactions in the recruitment of Victorian businesses to participate in Super Trade Missions.

Question 3:

Regarding the Department’s response to Question 31 in the 2013-14 Budget Estimate Questionnaire, please provide details of the staff included in that response who were part of the Department of Primary Industries, using the same format as Question 31 (see below).

(Page 12 of the Agriculture and Food Security portfolio transcript)

Reply:

Grade	30 June 2012 (FTE number)	30 June 2013 (FTE number) Estimates not actual
Secretary	1.0	1.0
EO-1	-	-
EO-2	14.0	13.0
EO-3	5.9	5.9
VPS Grade 7 (STS)	5.5	6.3
VPS Grade 6	189.8	168.9
VPS Grade 5	218.8	186.9
VPS Grade 4	241.7	201.4
VPS Grade 3	274.7	221.6
VPS Grade 2	207.7	164.0
VPS Grade 1	22.0	18.8
Government Teaching Service	-	-
Health services	-	-
Police	-	-
Allied health professionals	-	-
Child protection	-	-
Disability development and support	-	-
Custodial officers	-	-
Other	834.7	728.7
Total	2015.8	1716.5

Note: Since February 2013, counting rules for Ongoing and Fixed Term employees have been revised to align with Financial Reporting Directions (FRD) 29. Under these whole of government counting rules, Ongoing and Fixed term employees on Leave Without pay (LWOP) are not included in the FTE staff number. Hence, the FTE staff number will vary from previous estimates.

The FTE staff number includes Ongoing, Fixed Term and Casual employees.

Question 4:

Please provide the number of agency staff engaged by the Department in 2011-12 and 2012-13, as well as the value of commissions paid for the engagement of these staff.

(Page 12 of the Agriculture and Food Security portfolio transcript)

Reply:

Number of DPI on-hire staff employed through WOVG State Staffing Services Contract				
2011-12	Q1 2012	Q2 2012	Q3 2012	Q4 2012
No. of on-hire staff	185	274	169	158
2012-13	Q1 2013	Q2 2013	Q3 2013	
No. of on-hire staff	150	150	167	

Note: Number of on-hire staff were sourced from DTF as at 26 June 2013

DTF advises fees to Master Vendors are approximately in the order 9 per cent of the total spend. The balance are statutory fees & charges and the hourly rate to the candidate. Commissions are currently not reported as a separate line item.

Question 5:

Please list which agrifood, fisheries and natural resource management research and development project milestones and reports were not completed on time during 2012-13.

(Page 23 of the Agriculture and Food Security portfolio transcript)

Reply:

The former Department of Primary Industries monitors over 400 actions that contribute to the “Agrifood, fisheries and natural resource management research and development project milestones and reports were completed on time” output performance measure.

The Agrifood, Fisheries and Natural Resource Management research and development project milestones and reports not completed on time are listed below.

Project Title	Milestone Title
Trialling the MACC national approach	Report plan for approval by steering committee
Improved perennial grass cultivars	P1 DP01 - Milestone 3 - Progress report against operational plan
PPB scallop dive fishery	Published report on preliminary assessment
Improving sustainability of sand flathead	Progress report

stocks	
Spawning sources, movement patterns of King George whiting	Progress report
Developing tools for management of nutrient and sediment interactions	DSE six monthly report August 2012
State wide angler diary	Progress report
Fishers tracking fishes	Progress report
Starfish plankton surveys	Draft report to DSE on Asterias survey and DNA analysis
Optimisation of Macquarie perch captive breeding techniques	Draft report - creating an enhanced Macquarie perch breeding program
APRP2- International diagnostics	PT09023 Subcontract - Milestone 106
Estimating the total recreational catch for key fish species - design	Draft technical report
Risk Analysis for Resilient Agriculture	One conference presentation and associated article on sheep heat stress
Supporting a global program to establish soil metagenomic databases for iconic grain production trials	DAV00120 - Final Report (Original Due Date)
National Adaptation and Mitigation Initiative (Grains)	Final report in GRDC format including draft farmer survey manuscript
Estimating the total recreational catch for key fish species - design	Power point presentation to FV
Estimating the total recreational catch for key fish species - design	Published technical report
CAPIM Statewide Pesticide Research program	CAPIM Freshwater Program 2012/13 - Statewide Pesticide Survey - Summary Report
CAPIM EMP Program	TP701498 - Report on passive sampler study
Surveillance of Avian Influenza Virus within Victorian wild bird populations	Subcontract - Taronga Conservation Society Australia - Milestone 3 Report
Dynamic Lamb - NIR grading lamb	Full delivery of Phase 1
Improved fish health management	Review of findings from first year of monitoring
Lamb Foundations Holding project	Lamb measurements complete and DXA operational
Improve N & C utilisation in HRZ crop systems	DAF00004-01 - Milestone 2 - Progress Report 1 - Resubmission
The Victorian Soil Carbon Project	Victorian Soil Carbon Project - Sub Contract Agreement - Extension to Milestone 8.2
A new recreational fishery for native rish in south-western Victoria	Technical report summarising first year activities
Improving sustainability of sand flathead stocks	Progress report
Spawning sources, movement patterns of King George whiting	Progress report

State wide angler diary	Progress report
Fishers tracking fishes	Progress report
Capturing the therapeutic value of dairy bioactives	Milestone 13: Deliverable 2
Decreasing Nitrous Oxide Emissions	DAV00096 - Final Report
State wide angler diary	Progress report
Linking key environmental and life history indicators for monitoring and assessment of bay & inlet fisheries	Summary report and presentation to Fisheries Victoria managers
Developing tools for management of nutrient and sediment interactions	Milestone report 2 & 3
Predicting muscle antioxidant status in lamb	A.MQA.0006 - Milestone 1 - Contract signing and meeting
Preparing fisheries for climate change	Prepare a summary of progress for snapper and blue grenadier
Statewide salinity research and support 2011-13	Statewide salinity research & support 12/13 - Milestone 2 - Completion of Progress report and deliverables.
INFFER 2012/13	CP1213.1.2271 - Milestone 2 - Report on complementary use of INFFER with DSE
Promoting sustainable farm practices with weed bio-control agents	CfOC Project OC13-00145 - Milestone 3 - Interim Progress Report
Vital Vegetables 2	VVMP Milestone 190, Final Report - Resubmission
Aquaculture Futures Initiative	Report on spawning and growout of native oysters
Real time sensing of crops for management intervention Application of thermal and hyperspectral technologies (GRDC E-concepts)	DAV00090 - 2010 Annual Progress Report - Resubmission
Predicting muscle antioxidant status in lamb	A.MQA.0006 - Milestone 2 - Literature review
Catchment scale impacts of farming systems	Complete Experimental Preschedule (Deliverable 3.2)
Managing soil biology to improve nitrogen supply in grain production systems	DAV00106 - Annual Progress Report
Starfish plankton surveys	Published technical report on Asterias
Facilitating increased on-farm adoption of broadleaf species in crop sequences to improve grain production and profitability	Steering Committee meeting
Improving nitrogen and phosphorus management in south-east Australian cropping systems.	A report evaluating strategies to improve predictions of crop fertiliser requirements for GRDC
State wide angler diary	Progress report to the RFGP
Fishers tracking fishes	Progress report to the RFGP
Improving nitrogen and phosphorus management in south-east Australian cropping systems.	DAV00095 - Final Report

Research angler diary method validation	Draft final report
Improving land based fishing	Progress report
Apple and Pear Orchard Productivity R&D Program: Integrated Pest Management	PIPS Orchard Productivity Program - Milestone 8
Pasture establishment and persistence	B.PBE.0033 - Milestone 2 - Workshop attendance
Nitrogen losses from intensive dairy farming systems at multiple spatial scales	DAV12635 - Milestone 5 Submission of a Thesis
Dynamic Lamb - Lamb Foundations - Nutrition and LMY Research Project	B.LSM.0045 - Milestone 3 - Annual Report
Understanding Soil Carbon	Paper submitted for publication in peer reviewed journal detailing comparative assessment of carbon methods and associated uncertainties
Piloting ground cover assessment in Victoria	DSE MOU 12/13 Milestone 1 - Technical report quantifying biomass from satellite vegetation indices
High Value Grain Systems: Premium Pulses	DAV00114 - Annual Progress Report 2012 - Resubmission
Managing Data for Science - SciKIT Support	Revise PMP for 2013-15 in response to evaluation
Fin Fishery and Stock Assessments	Publish and disseminate Stock Assessment Report for Rock Flathead
Kerang Lakes Fishery Improvement	Publish FV research report on Kerang Lakes Fishery improvement
Carp movement and migration	Acceptance of draft paper

ATTACHMENT 1.2: QUESTIONS TAKEN ON NOTICE AND FURTHER INFORMATION AGREED TO BE SUPPLIED AT THE HEARINGS

WATER PORTFOLIO

Question 1:

Please advise the contribution from the Water portfolio to:

- a. departmental savings targets for 2013-14 (as disclosed for the Department of Environment and Primary Industries in Question 12 of the 2013-14 Budget Estimates Questionnaire); and
- b. the 'existing resources' expenditure reduction for the Department in Budget Paper No.3, p.11.

(Page 5 of the Water portfolio transcript)

Reply:

a.

Our Government's economic reform strategy seeks to manage the current economic challenges in order to position the Victorian economy to take advantage of new opportunities. We are building a stronger budget position across the forward estimates period by promoting productivity and achieving efficiency gains within DEPI.

The Department of Environment and Primary Industries (DEPI) budget is in line with the Government's long-term financial management objectives, being:

- o Managing responsibly
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As our Government has indicated, the department is implementing efficiencies and savings that have been implemented by both the former Department of Sustainability and Environment and Department of Primary Industries. The savings targets are in line with Whole-of-Government ratios.

The efficiencies and savings identified by DEPI ensure that there is no impact on service delivery and will focus on:

- moving to a regionally based delivery structure
- head office, non-service delivery administrative savings, stocks and materials

- freeze on recruitment
- lapsing of fixed term positions
- corporate reform
- natural attrition
- Voluntary Departure Program through the Sustainable Government Initiative.

b.

In the 2013-14 budget, our Government has provided approximately \$140 million in funding for DEPI initiatives. In light of the current fiscal environment, the Department has identified areas where existing resources can be used to fund these new initiatives, without material impact on service delivery. Existing resources include reprioritisation of programs that have experienced slower than anticipated take up.

Question 2:

Will any steps be undertaken to prevent the increased cost to water authorities resulting from the change in the financial accommodation levy being passed on to consumers?

(Page 12 of the Water portfolio transcript)

Reply:

The Water Authority Prices are determined by the Essential Services Commission (ESC). There are no specific steps taken by the ESC to prevent the increased costs resulting from the changes in Financial Accommodation Levy (FAL) being passed on to customers. The FAL is taken into account by the ESC when they make their final determination on setting a rate for the weighted average cost of capital (WACC) that Water Authorities can use. The most recent WACC was based upon current market conditions, which takes into account both debt raising costs and the Financial Accommodation Levy (FAL).

Question 3:

Please quantify the additional charges that each water authority will be required to pay as a result of the change to the financial accommodation levy.

(Page 12 of the Water portfolio transcript)

Reply:

The Financial Accommodation Levy as per the 2013/14 budget for 2012/13 is \$91.7 million.

Question 4:

Please provide the number water efficiency rebates applied for (as distinct from approved) in each of the following two categories:

- a. small business; and
- b. home and garden.

(Page 13 of the Water portfolio transcript)

Reply:

- a. **642** (including 608 approved); and
- b. **15,888** (including 14,491 approved).

Please note:

- a) The data above is relevant for 1 July 2012 to 31 May 2013. Rebate data is still being reported by water corporations for June 2013.
- b) The rejection of rebates occur for a variety of reasons. Common examples include products not meeting the specified minimum water ratings or standards, and plumbing works not meeting minimum regulations.