

CHAPTER 11: PERFORMANCE TARGETS AND OUTPUT COSTS VARIATIONS

Key findings of the Committee:

- 11.1** The 10 departments delivered 138 major outputs in 2008-09, costing \$35.1 billion. This amount is \$1.7 billion (5 per cent) above the budget estimate and \$301.6 million (0.9 per cent) below the revised budget estimate.
- 11.2** Seven departments spent within 10 per cent of their original budgets, with three exceeding their budgets by more than 10 per cent. Only one department spent less than budgeted. Nine departments spent within 10 per cent of their revised budgets, with one below its revised budget by more than 10 per cent.
- 11.3** Performance was measured by a total of 137 budget targets and 1,128 quantity, quality and timeliness targets. Overall, 65 per cent of budget targets were reported to be met to within 10 per cent and 76 per cent of non-budget targets were reported to be met or exceeded. Just over 1 per cent of targets were not reported on.
- 11.4** Many of the variations from target were attributed to the February 2009 bushfires, the Global Financial Crisis or programs introduced/modified in response to the Global Financial Crisis.
- 11.5** There were significant differences between the departments in terms of their performance against the targets. The proportion of budget targets met to within 10 per cent varied across departments from 25 to 89 per cent. The proportion of other targets met or exceeded ranged across departments from 58 to 90 per cent.
- 11.6** The different departments had similar results in terms of their performance against revised budget targets met to within 10 per cent.
- 11.7** All departments except the Department of Innovation, Industry and Regional Development provided explanations for significant variances to all types of measures. The Department of Innovation, Industry and Regional Development only supplied explanations for variations to cost measures.
- 11.8** Two departments – the Department of Justice and the Department of Primary Industries – also supplied historical data of their actual results on performance measures where available.

11.1. Introduction

The annual Budget Paper No. 3 provides details of the goods and services that the Government intends to deliver through the departments for the year. Each department's activities are divided into a number of major outputs, each of which has performance measures with targets. These performance measures are designed to assess the quantity, quality, timeliness and cost of the outputs delivered.

Financial Reporting Direction 8B (Consistency of Budget and Departmental Reporting) requires departments to report in their annual reports on their actual results compared to the targets in the Budget Paper.

This chapter presents a summary and analysis of this information. The Committee also sought additional information to what was presented in the annual reports from departments where appropriate, and some of that information is also presented in this chapter. It also considers changes from the revisions provided during the year (e.g. in the budget papers) against final actuals.

11.2. Overview

In total, the 10 departments spent \$35.1 billion on outputs in 2008-09 (see Table 11.1). This was \$1.7 billion (5 per cent) more than originally budgeted and \$301.6 million (1 per cent) less than the revised budget. The Department of Justice was the only department that spent less than originally budgeted, although five departments spent less than their revised budgets.

More than half of the over-expenditure compared to the original budget came from the Department of Education and Early Childhood Development and the Department of Human Services, which each spent more than \$450 million more than its budget. However, these two departments have by far the largest budgets and these amounts constituted variations of less than 10 per cent of their budgets.

The actual expenditure of three departments exceeded their original budgets by more than 10 per cent – the Department of Premier and Cabinet, the Department of Primary Industries and the Department of Sustainability and Environment. The Department of Sustainability and Environment was the only department whose spending varied from the revised budget by more than 10 per cent.

Table 11.1: Comparison of Departments' Budgeted and Actual Expenditure

Department	2008-09 budget	2008-09 revised	2008-09 actual	Budget variation	Revised budget variation
	(\$ million)	(\$ million)	(\$ million)	(%)	(%)
Education and Early Childhood Development	7,312.2	7,846.4	7,769.0	6.2	-1.0
Human Services	12,991.1	13,448.5	13,442.8	3.5	-0.0
Innovation, Industry and Regional Development	2,175.2	2,348.8	2,375.8	9.2	1.1
Justice	3,580.9	3,620.6	3,554.7	-0.7	-1.8
Planning and Community Development	437.0	445.1	437.5	0.1	-1.7
Premier and Cabinet	546.6	614.6	632.5	15.7	2.9
Primary Industries	481.0	543.1	568.2	18.1	4.6
Sustainability and Environment	1,304.9	1,901.3	1,668.6	27.9	-12.2
Transport	4,337.8	4,423.7	4,438.6	2.3	0.3
Treasury and Finance	234.5	235.3	238.1	1.5	1.2
Total	33,401.2	35,427.4	35,125.8	5.2	-0.9

Sources: *Departments' 2008-09 annual reports; Department of Treasury and Finance, Budget Paper No. 3 – 2009-10 Service Delivery*

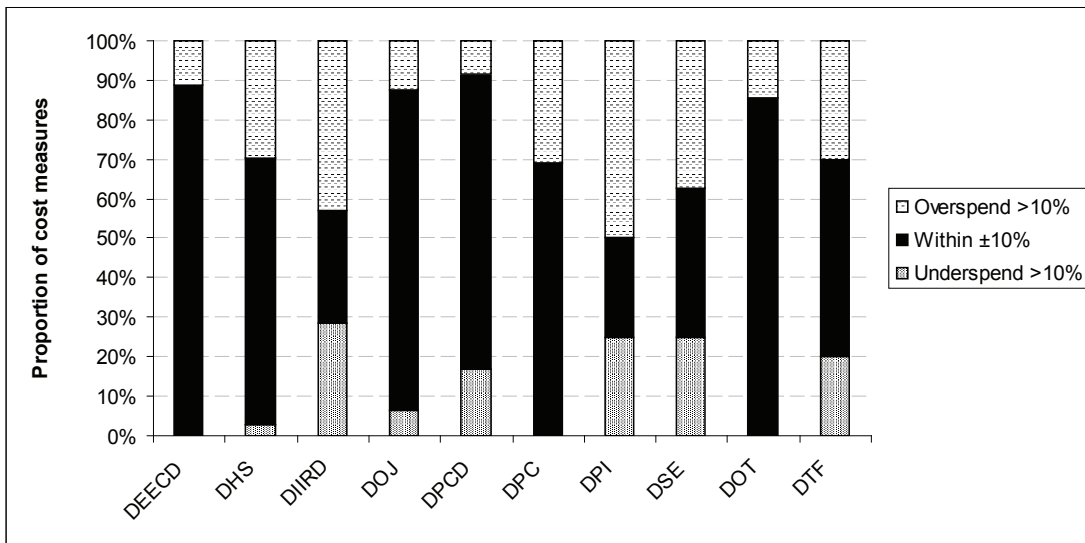
In total, the departments delivered 138 major outputs. Expected budget targets were provided for 137 of these outputs (one was fully funded through internal revenue²⁴³). Overall, the actual expenditure for 65 per cent of the 137 outputs was within 10 per cent of the original budget, with 10 per cent of outputs recording an under-expenditure and 26 per cent recording an over-expenditure (see Table 11.3). When compared to the revised budget, the actual expenditure for 82 per cent of the 137 outputs was within 10 per cent of the revised budget, with 11 per cent of outputs recording an under-expenditure and 7 per cent recording an over-expenditure (see Table 11.4).

The different departments had quite varied results in terms of what proportions of their original budget targets were met to within 10 per cent, as can be seen from Figure 11.1. While the Department of Education and Early Childhood Development met 89 per cent of its targets, the Department of Primary Industries met only 25 per cent of its targets. The Department of Innovation, Industry and Regional Development, Department of Primary Industries and Department of Sustainability and Environment met their expenditure targets for less than 50 per cent of their outputs. It is important to note, though, that some departments had relatively small numbers of budget targets (the Department of Primary Industries had only four).

In many cases, variations from budget were explained as due to the 2009 bushfires or additional Commonwealth funding. These matters are discussed further in Chapters 7 and 9.

243 Department of Human Services, *Annual Report 2008-09*, October 2009, p.148; Department of Treasury and Finance, *Budget Paper No.3 – Service Delivery 2008-09*, p.117

Figure 11.1 Comparison of Budgeted and Actual Expenditure for Outputs by Department



Source: Departments' 2008-09 annual reports

Departments generally met larger proportions of their revised budget targets. Three departments met all of their budget targets, with all but two departments meeting more than 78 per cent of their targets.

Across the 138 major outputs, there were 1,128 performance measures in addition to the 137 expenditure targets. Departments met or exceeded 76 per cent of these targets, with actual figures more than 10 per cent below the original targets in 9 per cent of cases. One per cent of targets were not measured, with most of those being in the Department of Education and Early Childhood Development.

Common explanations for not meeting targets included the effects of the 2009 bushfires and the changed economic conditions following the Global Financial Crisis. Project delays were also cited. Chapter 3 of this report discusses delays to infrastructure projects in more detail. However, the Committee notes that the overall proportions of targets met or exceeded, not met by 10 per cent or less and not met by greater than 10 per cent are very similar to the results in 2007-08 (see Table 11.2).

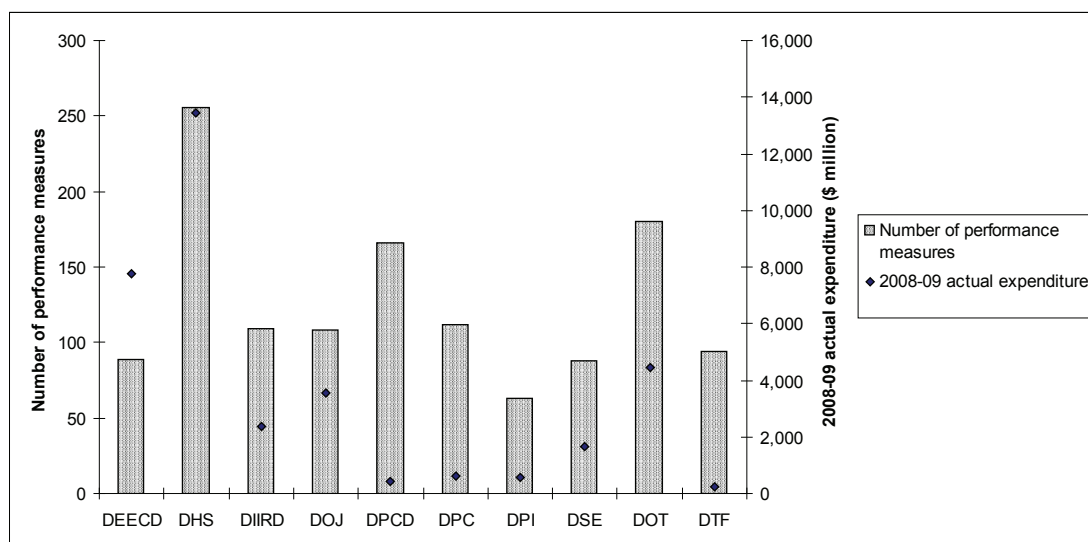
Table 11.2: Comparison of Overall Performance Against Non-Budget Targets Between 2007-08 and 2008-09

Year	Targets met or exceeded	Targets not met by ≤10%	Targets not met by >10%
	(%)	(%)	(%)
2007-08	77.6	14.2	8.1
2008-09	76.1	13.7	8.8

Source: Departments' 2008-09 annual reports; Public Accounts and Estimates Committee, Report on the 2007-08 Financial and Performance Outcomes, May 2009, p.212

There is a significant variation between departments in terms of how many performance measures (including cost measures) they report against, from 63 (the Department of Primary Industries) to 256 (the Department of Human Services). Given that the Department of Human Services has the largest budget, it is sensible that it has the largest number of measures on which to report. However, the Committee notes that there is not always a proportionate relationship between the size of a department's budget and the number of its performance measures, as can be seen in Figure 11.2.

Figure 11.2 Comparison Between the Number of Performance Measures and the Actual Expenditure by Department



Source: *Departments' 2008-09 annual reports*

The Committee notes that, in recent years, some departments have revised their performance measures (e.g. the Department of Justice). The Committee noted the disproportionately high number of performance measures for the Department of Planning and Community Development in its *Report on the 2007-08 Financial and Performance Outcomes* and recommended they be reviewed.²⁴⁴ The Government has advised that the number has been significantly reduced for 2009-10.²⁴⁵

The Department of Education and Early Childhood Development has one of the lowest numbers of performance measures but the second highest budget, and the Committee considers that it would be appropriate for it to have a larger number of performance measures in the future. The Committee particularly notes that two of the Department's major outputs had budgets in excess of \$2.3 billion each and that it could be helpful to split those into a number of outputs to provide a greater level of detail about the Department's expenditure and performance related to those outputs.

Recommendation 22: The Department of Education and Early Childhood Development review the number of its output performance targets identified in Budget Paper No. 3 with the aim of greater proportionate accountability for the size of its budget.

244 Public Accounts and Estimates Committee, *Report on the 2007-08 Financial and Performance Outcomes*, May 2009, recommendation 22, p.210

245 Victorian Government, response to the recommendations of the Committee's 79th Report on the 2006-07 Financial and Performance Outcomes, p.13

Table 11.3: Comparison of Budgeted and Actual Expenditure for Output Groups by Department

Department	Total cost measures (No.)	Variation between budgeted and actual expenditure		
		Underspend >10% (%)	Within \pm 10% (%)	Overspend >10% (%)
Education and Early Childhood Development	9	0.0	88.9	11.1
Human Services ^(a)	37	2.7	67.6	29.7
Innovation, Industry and Regional Development	14	28.6	28.6	42.9
Justice	16	6.3	81.3	12.5
Planning and Community Development	12	16.7	75.0	8.3
Premier and Cabinet	13	0.0	69.2	30.8
Primary Industries	4	25.0	25.0	50.0
Sustainability and Environment	8	25.0	37.5	37.5
Transport	14	0.0	85.7	14.3
Treasury and Finance	10	20.0	50.0	30.0
Total	137	9.5	65.0	25.5

Note:

(a) There was one additional output group ('Home ownership and renovation assistance') but no expenditure target was set for it, as it was fully funded from internal revenue; consequently, it has not been included in this table.

Source: Departments' 2008-09 annual reports

Table 11.4: Comparison of Revised Budget and Actual Expenditure for Output Groups by Department

Department	Total cost measures (No.)	Variation between budgeted and actual expenditure		
		Underspend >10% (%)	Within ±10% (%)	Overspend >10% (%)
Education and Early Childhood Development	9	0.0	100.0	0.0
Human Services ^(a) ^(b)	35	2.9	88.6	8.6
Innovation, Industry and Regional Development	14	28.6	50.0	21.4
Justice	16	0.0	93.8	6.3
Planning and Community Development ^(b)	10	10.0	90.0	0.0
Premier and Cabinet ^(b)	12	8.3	83.3	8.3
Primary Industries	4	0.0	100.0	0.0
Sustainability and Environment	8	62.5	25.0	12.5
Transport	14	21.4	78.6	0.0
Treasury and Finance	10	0.0	100.0	0.0
Total	132	11.4	81.8	6.8

Notes:

(a) There was one additional output group ('Home ownership and renovation assistance') but no expenditure target was set for it, as it was fully funded from internal revenue; consequently, it has not been included in this table.

(b) The number of cost measures varies from the original budget for the Department of Human Services, Department of Planning and Community Development and Department of Premier and Cabinet due to changes in the output structures for these departments as part of the 2009-10 Budget.

Source: Departments' 2008-09 annual reports; Department of Treasury and Finance, Budget Paper No. 3 – 2009-10 Service Delivery

Table 11.5: Comparison of Actual Outputs to Targets by Department (Excluding Expenditure Targets)

Department	Total	Met or exceeded	Not met by ≤10%	Not met by >10%	Not measured
	(No.)	(%)	(%)	(%)	(%)
Education and Early Childhood Development	80	68.8	17.5	2.5	11.3
Human Services	219	58.0	29.7	11.9	0.5
Innovation, Industry and Regional Development	95	83.2	6.3	8.4	2.1
Justice	92	79.3	10.9	9.8	0.0
Planning and Community Development	154	90.3	2.6	7.1	0.0
Premier and Cabinet	99	86.9	7.1	4.0	2.0
Primary Industries	59	81.4	8.5	10.2	0.0
Sustainability and Environment	80	75.0	12.5	12.5	0.0
Transport	166	71.1	15.7	11.4	1.8
Treasury and Finance	84	86.9	8.3	4.8	0.0
Total	1,128	76.1	13.7	8.8	1.5

Source: Departments' 2008-09 annual reports; Department of Innovation, Industry and Regional Development and Department of Planning and Community Development figures amended following advice from departments in their responses to the Committee's questionnaires

11.3. Department of Education and Early Childhood Development

11.3.1 Output Costs

The total cost to deliver the Department of Education and Early Childhood Development's seven output groups in 2008-09 was \$7.8 billion. This is \$447.8 million (6.2 per cent) higher than original budget and \$77.4 million (1.0 per cent) lower than revised budget. One area had a variation more than 10 per cent in excess of original budget. No areas recorded under-expenditure from the original budget, with three areas recording under-expenditure from the revised budget.

Table 11.6: Output Costs for the Department of Education and Early Childhood Development

Output group	2008-09 target	2008-09 revised target	2008-09 actual	Budget variation	Revised budget variation
	(\$ million)	(\$ million)	(\$ million)	(%)	(%)
Early Years (Schools)	2,348.6	2,535.4	2,437.1	3.8	-3.9
Middle Years (Schools)	2,335.5	2,527.6	2,578.4	10.4	2.0
Later Years and Youth Transitions	1,508.2	1,621.5	1,592.8	5.6	-1.8
Services to Students	741.0	772.9	775.8	4.7	0.4
Policy and Regulation	40.8	40.8	40.8	0.0	0.0
Adolescent Health Services (Schools)	9.6	10.3	10.3	7.3	5.2
Early Childhood Services	328.5	337.9	333.8	1.6	-1.2
Total	7,312.2	7,846.4	7,769.0	6.2	-1.0

Sources: Department of Education and Early Childhood Development, *Annual Report 2008-09*; Department of Treasury and Finance, *Budget Paper No. 3 – 2009-10 Service Delivery*

The Department explained that the over-expenditure in the 'middle years' output group was the result of:²⁴⁶

...the impact of the current Enterprise Bargaining Agreements for teachers and education support staff, new Commonwealth-funded initiatives, new State-funded initiatives approved as part of the 2009-10 Budget with a financial impact in 2008-09 and an increase in the stages of learning per student price in the middle years.

11.3.2 Other Output Targets

The Department met or exceeded 69 per cent of its non-budgetary targets. In only two cases (3 per cent) were outcomes more than 10 per cent below target. Both cases were to do with the ratios of computers to students in schools.

There were nine performance measures for which no results were available. In eight cases this was because the measures were no longer being assessed as they had been replaced by the National Assessment Program – Literacy and Numeracy (NAPLAN).²⁴⁷ However, the Committee notes that the Department has been unable to report its actual results on these measures in any of its annual reports since 2003-04 due to data not being available. The Committee hopes that

246 Department of Education and Early Childhood Development, *Annual Report 2008-09*, October 2009, p.42

247 *ibid.*, pp.41-2

NAPLAN data will be available for the 2009-10 annual report or expects the Department to find some other way to report on these outputs.

The other performance measure that was not reported on was no longer being assessed and this measure has been discontinued from 2009-10 onwards.²⁴⁸

11.4. Department of Human Services

11.4.1 Output Costs

The Department of Human Services had the largest budget of all the departments for 2008-09, with over a third of the total output funding. The Department spent \$13.4 billion on 13 output groups, which were divided into 38 major outputs. This is \$451.7 million (3 per cent) higher than the original budget and \$104.9 million (1 per cent) higher than the revised budget.

Table 11.7: Output Costs for the Department of Human Services

Output group	2008-09 target	2008-09 revised target	2008-09 actual	Budget Variation	Revised Budget Variation
	(\$ million)	(\$ million)	(\$ million)	(%)	(%)
Acute Health Services	7,015.7	7,081.8	7,149.8	1.9	1.0
Ambulance Services	494.4	518.8	510.1	3.2	-1.7
Mental Health	883.8	889.3	887.9	0.5	-0.2
Aged and Home Care	915.5	922.4	943.0	3.0	2.2
Primary and Dental Health	330.3	368.6	378.1	14.5	2.6
Small Rural Services	442.9	439.7	447.2	1.0	1.7
Public Health	280.7	310.9	311.3	10.9	0.1
Drug Services	123.9	128.8	126.6	2.2	-1.7
Disability Services	1,175.5	1,228.7	1,235.0	5.1	0.5
Child Protection and Family Services	520.2	553.9	556.4	7.0	0.5
Youth Services and Youth Justice	105.1	105.8	104.6	-0.5	-1.1
Concessions to Pensioners and Beneficiaries ^(a)	336.1	319.0	320.5	-4.6	0.5
Housing Assistance ^(b)	367.0	470.2	472.3	28.7	0.5
Total	12,991.1	13,337.9	13,442.8	3.5	0.8

Notes:

- (a) The target printed here is less than in Budget Paper No. 3 as it does not include an amount of funding for transport concessions transferred to the Department of Transport – see Department of Treasury and Finance, Budget Paper No.3 – Service Delivery 2008-09, p.85.
- (b) Amounts do not include costs of the 'home ownership and renovation assistance' output that is fully internally funded.

Sources: Department of Human Services, Annual Report 2008-09, Department of Treasury and Finance, Budget Paper No. 3 – 2009-10 Service Delivery

248 Department of Treasury and Finance, Budget Paper No.3 – Service Delivery 2008-09, pp.443-4

Of the 38 major outputs that made up the 13 output groups, 12 recorded variations in excess of 10 per cent from their targets. The Department provided the Committee with the following explanations:²⁴⁹

1. Ambulance Services – Ambulance Non-Emergency Services

Target: \$78.3 million	Actual: \$86.7 million	Variance: 10.7 per cent
Revised: \$83.8 million	Actual: \$86.7 million	Variance: 3.5 per cent

The 2008-09 actual reflects increased contributions from membership and transport fees, increased funding from other users, and one-off funding for Victorian bushfire recovery and response.

2. Aged and Home Care – Aged Care Assessment

Target: \$38.0 million	Actual: \$44.2 million	Variance: 16.3 per cent
Revised: \$38.0 million	Actual: \$44.2 million	Variance: 16.3 per cent

The 2008-09 actual reflects increases in Commonwealth funding including Commonwealth grants paid directly to hospitals.

3. Aged and Home Care – Aged Support Services

Target: \$101.4 million	Actual: \$111.8 million	Variance: 10.3 per cent
Revised: \$99.1 million	Actual: \$111.8 million	Variance: 12.8 per cent

The change in the output cost primarily reflects increased Commonwealth grants paid directly to hospitals in 2008-09.

4. Primary and Dental Health – Community Health Care

Target: \$191.0 million	Actual: \$233.2 million	Variance: 22.1 per cent
Revised: \$228.2 million	Actual: \$233.2 million	Variance: 2.2 per cent

The 2008-09 actual outcome reflects additional funding for Victorian Bushfire Case Management Service, Bushfire Recovery resources, Drought Counselling, Cranbourne landfill incident Community Support plan and Swine Flu clinics.

5. Small Rural Services – Home and Community Care Services

Target: \$26.3 million	Actual: \$32.4 million	Variance: 23.2 per cent
Revised: \$28.7 million	Actual: \$32.4 million	Variance: 12.9 per cent

The 2008-09 actual outcome reflects transfers from Aged and Home Care output group to fund small rural agencies, and health sector Enterprise Bargaining Agreement outcomes.

6. Public Health – Health Protection

Target: \$203.0 million	Actual: \$236.5 million	Variance: 16.5 per cent
Revised: \$233.3 million	Actual: \$236.5 million	Variance: 1.4 per cent

The change in the output cost primarily reflects increases in funding from the Commonwealth for the Australian Immunisation Agreement for Childhood Pneumococcal and Human Papillomavirus vaccines.

249 Department of Human Services, Response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part One, received 18 January 2010, pp.39-40

7. Public Health – Public Health Development, Research and Support

Target: \$13.6 million	Actual: \$11.8 million	Variance: -13.2 per cent
Revised: \$13.5 million	Actual: \$11.8 million	Variance: -12.6 per cent

The 2008-09 actual outcome reflects unspent funding carried forward to 2009-10.

8. Disability Services – Targeted Services

Target: \$73.6 million	Actual: \$85.7 million	Variance: 16.4 per cent
Revised: \$84.7 million	Actual: \$85.7 million	Variance: 1.2 per cent

The 2008-09 actual reflects additional one-off investment in the aids and equipment program, and increased support provided to individuals with multiple and complex needs.

9. Child Protection and Family Services – Statutory Child Protection Services

Target: \$126.3 million	Actual: \$140.6 million	Variance: 11.3 per cent
Revised: \$139.4 million	Actual: \$140.6 million	Variance: 0.9 per cent

The 2008-09 actual reflects additional investment in Statutory Child Protection Services to address increased client demand.

10. Child Protection and Family Services – Specialist Support and Placement Services²⁵⁰

Target: \$272.2 million	Actual: \$290.8 million	Variance: 6.8 per cent
Revised: \$278.9 million	Actual: \$290.8 million	Variance: 4.3 per cent

The 2008-09 actual reflects reprioritisation of funding to address increased client demand, and deliver a more integrated model of placement and specialist services and additional investment in Placement and Support Services to address increased client demand.

11. Housing Assistance – Long Term Housing Assistance

Target: \$226.8 million	Actual: \$325.1 million	Variance: 43.3 per cent
Revised: \$325.1 million	Actual: \$325.1 million	Variance: 0.0 per cent

The 2008-09 actual reflects an increase in Commonwealth funding for the Nation Building National Partnership Agreement for Repairs and Maintenance and new Construction, Remote Indigenous Housing National Partnership Agreement and Social Housing National Partnership agreement. It also includes one-off state funding for Bushfire Recovery Resources.

11.4.2 Other Output Targets

As is appropriate for the department with the largest budget, the Department of Human Services also had the largest number of performance measures, with 219 measures in addition to the budgetary targets. However, the Department had the largest proportion of unmet performance targets, with only 58 per cent met or exceeded. There were 26 targets (12 per cent) where the actual result was more than 10 per cent less than the target.

²⁵⁰ This output group was restructured from the original budget to the revised budget with the separate 'Child Protection Special Services' and 'Placement and Support Services' output groups becoming the 'Special Services and Placement Services' output group.

The Department was unable to provide details of its performance on one measure – ‘Compliance with requirement to formally review each child subject to more than two reports in a 12 month period.’ The Department explained to the Committee that it intends to review the suite of performance measures related to child protection and that it is developing new systems and processes to monitor child protection (see also Chapter 17).²⁵¹

11.5. Department of Innovation, Industry and Regional Development

11.5.1 Output Costs

Overall, the Department of Innovation, Industry and Regional Development spent \$2.4 billion delivering its outputs. This is \$200.6 million (9 per cent) higher than the original budget and \$27 million (1 per cent) higher than the revised budget. Of the 14 major outputs, only four (29 per cent) recorded actual expenditure within 10 per cent of the original budget and seven (50 per cent) compared to the revised budget.

The outputs were classified into six output groups. Four of these recorded variations in excess of 10 per cent, with the largest variation (658 per cent) occurring in the ‘Major Projects’ output group (204 per cent variation against revised budget). The ‘Skills and Workforce’ output group, which accounted for 77 per cent of the Department’s expenditure, exceeded its budget by less than 8 per cent (0.5 per cent under the revised budget), so that the Department’s overall expenditure was within 10 per cent of the budget.

Table 11.8: Output Costs for the Department of Innovation, Industry and Regional Development

Output group	2008-09 target	2008-09 revised target	2008-09 actual	Budget Variation	Revised Budget Variation
	(\$ million)	(\$ million)	(\$ million)	(%)	(%)
Industries and Innovation	226.1	214.0	204.2	-9.7	-4.6
Investment and Trade	79.4	90.7	71.3	-10.2	-21.4
Regional Development	89.8	102.0	102.8	14.5	0.8
Skills and Workforce	1,690.1	1,830.1	1,820.8	7.7	-0.5
Marketing Victoria	79.4	86.1	97.9	23.3	13.7
Major Projects ^(a)	10.4	25.9	78.8	657.7	204.2
Total	2,175.2	2,348.8	2,375.8	9.2	1.1

Notes:

- (a) The output ‘Public Construction and Land Development’ (making up the ‘Major Projects’ output group) was included in the Department of Infrastructure’s outputs in the 2008-09 Budget papers; the Department of Transport also included some of the funding from this output in its reporting – see Department of Transport, Annual Report 2008-09, p.170.

Sources: Department of Innovation, Industry and Regional Development, Annual Report 2008-09, Department of Treasury and Finance, Budget Paper No. 3 – 2009-10 Service Delivery

251 Department of Human Services, *Response to the Committee’s 2008–09 Financial and Performance Outcomes Questionnaire – Part Two*, received 18 February 2010, pp.10-11

The six output groups had 14 expenditure targets. Actual expenditure for 2008-09 varied by more than 10 per cent for 10 of those targets. The Department provided the following explanations:²⁵²

1. Industries and Innovation – Sector Development

Target: \$33.1 million	Actual: \$39.5 million	Variance: 19.3 per cent
Revised: \$39.7 million	Actual: \$39.5 million	Variance: -0.5 per cent

The Sector Development output was 19.3 per cent higher than the 2008-09 target as additional funding was received for the Victorian Industry and Manufacturing Strategy and additional expenditure was incurred against external revenue received in Film Victoria.

2. Industries and Innovation – Innovation

Target: \$39.1 million	Actual: \$28.9 million	Variance: -26.1 per cent
Revised: \$33.1 million	Actual: \$28.9 million	Variance: -12.7 per cent

The Innovation output was 26.1 per cent lower than the 2008-09 target as funding received for the Victorian Innovation Strategy was rephased to future years to match the program's funding requirements.

3. Industries and Innovation – Science and Technology

Target: \$124.7 million	Actual: \$103.6 million	Variance: -16.9 per cent
Revised: \$105.9 million	Actual: \$103.6 million	Variance: -2.2 per cent

The Science and Technology output was 16.9 per cent lower than the 2008-09 target as funding received for the Victorian Innovation Strategy was required to be re-phased to future years. A transfer of funding to the Industry Transition Fund also occurred, reducing the actual funding received for this output as it was transferred to another output.

4. Industries and Innovation – Strategic Policy

Target: \$5.1 million	Actual: \$6.4 million	Variance: 25.5 per cent
Revised: \$7.2 million	Actual: \$6.4 million	Variance: -11.1 per cent

The Strategic Policy output was 25.5 per cent higher than the 2008-09 target as a result of establishing the Economic Infrastructure Division which was funded from the transfer of funding from other outputs.

5. Investment and Trade – Investment Attraction and Facilitation

Target: \$67.8 million	Actual: \$60.3 million	Variance: -11.1 per cent
Revised: \$79.9 million	Actual: \$60.3 million	Variance: -24.5 per cent

The Investment Attraction and Facilitation output was 11.1 per cent lower than the 2008-09 target due to under expenditure against the Investment Support Program. An application for carryover has been approved by the Treasurer for this underspend, as the commitments are expected to be incurred in 2009-10.

252 Department of Innovation, Industry and Regional Development, Response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part One, received 15 December 2009, pp.20-2

6. Regional Development – Regional Infrastructure Development

Target:	\$41.1 million	Actual: \$65.1 million	Variance: 58.3 per cent
Revised:	\$51.2 million	Actual: \$65.1 million	Variance: 27.2 per cent

The Regional Infrastructure Development output was 58.3 per cent higher than the 2008-09 target. Additional funding was received for the Small Towns Development Fund and the Victorian Transport Plan through the Regional Infrastructure Development Fund. Additional expenditure was also incurred from prior year accumulated cash balances for the Regional Infrastructure Development Fund.

7. Regional Development – Regional Economic Development, Investment and Promotion

Target:	\$48.7 million	Actual: \$37.7 million	Variance: -22.6 per cent
Revised:	\$50.8 million	Actual: \$37.7 million	Variance: -25.8 per cent

The Regional Economic Development, Investment and Promotion output was 22.6 per cent lower than the 2008-09 target. Under expenditure reflects funding allocated to committed projects and initiatives for which acquittal is expected in 2009/10. This includes funding for projects supporting Bushfire Recovery. An application to carryover this funding into 2009-10 has been approved by the Treasurer.

8. Skills and Workforce – Workforce Participation

Target:	\$18.5 million	Actual: \$21.8 million	Variance: 17.8 per cent
Revised:	\$21.6 million	Actual: \$21.8 million	Variance: 0.9 per cent

The Workforce Participation output was 17.8 per cent higher than the 2008-09 target due to additional funding received by Treasurer's Advance for the Otways Timber Industry Assistance program.

9. Marketing Victoria – Tourism

Target:	\$79.4 million	Actual: \$97.9 million	Variance: 23.3 per cent
Revised:	\$86.1 million	Actual: \$97.9 million	Variance: 13.7 per cent

The Tourism output was 23.3 per cent higher than the 2008-09 target, as additional funding was received for bushfires recovery related activities, business events and the Melbourne Convention Centre Precinct Development.

10. Major Projects – Public Construction and Land Development

Target:	\$10.4 million	Actual: \$78.8 million	Variance: 657.7 per cent
Target:	\$25.9 million	Actual: \$78.8 million	Variance: 204.3 per cent

The Public Construction and Land Development output was 657.7 per cent higher than the 2008-09 target as additional funding was received for the Northbank Pedestrian Bridge and expenditure incurred for the cost of sales relating to Parkville Gardens and Kew Development. These expenditures were funded from the sales revenue related to these projects.

11.5.2 Other Output Targets

The Department met or exceeded 83 per cent of its non-cost targets in 2008-09. In 8 per cent of cases, actual results were more than 10 per cent less than the targets.

The Committee noted in its *Report on the 2007-08 Financial and Performance Outcomes* that the Department had a particularly high rate of targets which were significantly exceeded in 2007-08 – 44 per cent of targets were exceeded by more than 10 per cent. Consequently, the Committee recommended that the Department consider putting in place a more rigorous target-setting process.²⁵³

In 2008-09, the Department exceeded 35 per cent of its targets by 10 per cent or more. This is an improvement on the 44 per cent from 2007-08 but is still by far the largest percentage exceeded among all departments (the next highest is 25 per cent). Explanations for some of the variations were supplied to the Committee and are presented in Table 11.9.

The Committee believes that the Department could further revise its targets. For example, the target ‘New investments facilitated’, which the Committee highlighted in its *Report on the 2007-08 Financial and Performance Outcomes* as having been significantly exceeded every year since 2000-01,²⁵⁴ was again significantly exceeded in 2008-09 and has not been modified for 2009-10. Similarly, the Department noted in its response to the Committee explaining why it did not reach its target for ‘Value of media coverage generated: International’ that it expected the result to continue to decrease in the future²⁵⁵ and yet the target remains the same in 2009-10.

Recommendation 23: The Department of Innovation, Industry and Regional Development continue revising its performance targets to ensure that its targets in future years are sufficiently robust.

253 Public Accounts and Estimates Committee, *Report on the 2007-08 Financial and Performance Outcomes*, May 2009, recommendation 24, p.232

254 *ibid.*, p.236

255 Department of Innovation, Industry and Regional Development, *Response to the Committee’s 2008–09 Financial and Performance Outcomes Questionnaire – Part Two*, received 8 February 2010, p.13

Table 11.9: Selected Performance Measure Variations and Explanations for the Department of Innovation, Industry and Regional Development

Output/Output measure	Unit of measure	Target 2008-09	Actual 2008-09	Explanations for variance greater than 10 per cent
Industries and Innovation – Sector Development				
New investments facilitated in financial/shared services	number	5	3	The 2008-09 Actual is due to the Global Financial Crisis and the effects of the economic downturn.
Companies participating in Innovation Insights Visits program	number	200	134	The 2008-09 Actual is due to the effects of the economic downturn and program delay in the first half of the year.
Industries and Innovation – Small Business				
Business interactions (call, web, in person)	number	180,000	265,867	An increase in online interactions was the major contributing factor to the greater-than-anticipated number of business interactions. This large increase in usage is attributable to a successful uptake of online smart-forms by small businesses. As this increase utilised existing ICT infrastructure there was no impact on Departmental resources or budget. The business interactions have contributed to increased productivity and reduced regulatory burden for small businesses.
Industries and Innovation – Innovation				
Design Sector Initiative: Lectures, seminars and workshops held	number	25	78	The larger number of seminars and attendees reflects performance targets established in the agreement between the State and RMIT University for delivery of Design Victoria programs, and continued demand for Design Victoria's services.
Design Sector Initiative: People participating in lectures, seminars and workshops	number	2,400	4,695	Design Victoria programs were delivered by RMIT within the existing budget, and do not require any additional commitment of human, infrastructure or capital resources on behalf of the Department. Design Victoria commenced operations in 2007-08 and to date over 3,400 businesses have accessed Design Victoria services and over 9,000 people attended seminars, workshops and events.
Investment and Trade – Investment Facilitation and Attraction				
Jobs derived from investments facilitated	number	5,000	3,808	The low 2008-09 outcome is due to the effects of the economic downturn. A larger than usual number of projects that have been worked on during the past year have been marked as not proceeding. This caused a decrease in jobs despite the increase in the value of new investments.

Output/Output measure	Unit of measure	Target 2008-09	Actual 2008-09	Explanations for variance greater than 10 per cent
New investments facilitated	\$ million	1,600	3,070	This result was achieved through high levels of new investments facilitated in the energy, automotive, retail services and tourism sectors. Amortised projects from previous years have also contributed to the higher than usual expenditure on new investments.
Investment and Trade – Exports				
Companies provided with export assistance	number	3,250	3,885	The 2008-09 Target was adjusted to reflect both Opening Doors to Export program usage and the additional budget to support the Victorian Export Network, launched in mid-2008. Since 2008-09 the Target has again been adjusted to reflect consolidation of this performance measure with 'Number of firms participating in individual export specific programs'. These changes will help to ensure targets are more accurate in future.
ICT companies provided with export promotion	number	200	159	Not as many companies as originally anticipated took up export promotion support due to changed economic conditions.
Number of firms participating in individual export specific programs	number	800	1,017	For the 2009-10 Budget this measure has been consolidated with the 'Companies provided with export assistance' performance measure. This will help ensure targets are more accurate in future.
Regional Development – Regional Economic Development, Investment and Promotion				
Companies in regional Victoria provided with assistance from growth opportunities	number	160	200	Results for Companies in regional Victoria provided with assistance for growth opportunities reflect both strong interest in Regional Development and Small Business Programs by regional businesses and funding availability during 2008-09 under Moving Forward.
Jobs created in regional Victoria	number	1,000	1,956	The good results for Jobs created and New investments facilitated in regional Victoria reflect specific initiative and project outcomes, including outcomes of projects supported through the Geelong Investment and Innovation Fund.
New investments facilitated in regional Victoria	\$ million	750	1,589	
Provincial Economic Partnerships – projects supported	number	25	34	The Provincial Economic Partnerships – projects supported result reflects a change in funding criteria, budget availability under Moving Forward and significant interest by local Government in the initiative.

Provincial Events held with RDV support	number	55	95	<p>Regional Development Victoria (RDV) supported a large number of additional events as a result of the February 2009 Bushfires. These additional events, which were in response to a specific need and could not have been forecast, are the main reason for exceeding the Provincial Events held with RDV support target.</p> <p>The Department reviews each target and measure on an annual basis and revises them from time to time based on factors including budget changes, changes to funding criteria, and knowledge of external conditions. Nonetheless, many of the measures are based on interaction with external stakeholders and clients, or can be impacted by external events (such as a Bushfire or economic conditions), and are therefore subject to some volatility.</p>
Enquiries to provincial councils about living, working and/or investing in their region	number	500	246	<p>The Enquiries to provincial councils about living, working and/or investing in their region is based on the number of queries directly received by local government through the Make it Happen in Provincial Victoria Website. Due to the bushfires and challenging economic conditions, the Department directed funding toward direct recovery and assistance programs rather than broader promotion activities associated with the Make it Happen in Provincial Victoria Campaign and associated Website. Queries fell in 2008-09 as a result.</p>
Skills and Workforce – Skills				
Government-funded student contact hours of training and further education provided	number (million)	78.5	86.9	<p>There was no budgetary impact associated with the additional delivery as the Department is only obligated to pay for the training that it contracts. Any additional training is a business decision of the training organisation and at their cost.</p> <p>Many factors influence VET participation, such as economic growth, the level of unemployment, student choices and aspirations and employer training needs and preferences.</p> <p>In the past TAFE institutes have delivered more training than that for which they have been contracted, surpassing planned delivery levels.</p> <p>This period also saw average hours per enrolment increase. This means that similar numbers of students accounted for more hours in the reporting period.</p> <p>All of these factors combined resulted in reported levels higher than the target.</p>
Number of apprentices/trainees completion who qualify for the completion bonus	number	15,000	18,325	<p>The increased participation has been accommodated within planned budget provision and therefore has no overall budgetary impact.</p> <p>This increase represents an increased number of employers who employed three or more apprentices and/or eligible trainees, and in doing so became eligible for the available completion bonus payments. It also reflects increased commencements of apprentices and trainees in the previous 4-6 year period, due to the underlying strength of the economy and an increased demand for skills.</p>
Number of individuals assisted through Skill Up	number	1,000	5,843	<p>The increase in approvals for Skill Up support activity has been accommodated within planned budget provision and therefore has no overall budgetary impact.</p> <p>In 2008-09, Victorian industries were affected by the economic downturn, forcing many workers out of employment or into seeking alternative employment.</p>

Marketing Victoria - Tourism			
Value of media coverage generated: International	\$ million	80-120	59.4
<p>The value of international media coverage for Victoria has reduced significantly over the last twelve months as the focus of international communications activities shifted away from traditional print and television channels to a greater adoption of online mediums in an effort to broaden the reach of destination messaging.</p> <p>The value of media coverage is calculated by applying the equivalent advertising rate to editorial coverage, the value of this coverage is higher in print and television channels than it is online.</p> <p>Tourism Victoria partners with Tourism Australia to generate media coverage in international markets via its Visiting Journalists Program (VJP) and it is estimated that this partnership contributes up to 60 per cent of total media value for Victoria.</p> <p>During 2008-09 the VJP delivered considerably less coverage for Victoria mainly due to the strong focus around the launch of the movie Australia, which primarily heroes the Northern Territory, Western Australia and Queensland.</p> <p>With significant changes in Tourism Australia's public relations strategy and its VJP planned for 2010, it is anticipated that the value of international media coverage will continue to decrease, however it is expected that media reach will be maintained.</p>			

Source: Department of Innovation, Industry and Regional Development, response to the Committee's 2008-09 Financial And Performance Outcomes Questionnaire – Part Two, received 8 February 2010, pp.3-14

11.6. Department of Justice

11.6.1 Output Costs

The Department of Justice was the only department to spend less than its original budget on outputs. Its actual expenditure of \$3.6 billion was \$26 million (1 per cent) less than the original budget and \$65.8 million (2 per cent) less in respect to the revised budget. Of its eight output groups, only one varied from its original budget by more than 10 per cent.

Table 11.10: Output Costs for the Department of Justice

Output group	2008-09 target	2008-09 revised target	2008-09 actual	Budget variation	Revised budget variation
	(\$ million)	(\$ million)	(\$ million)	(%)	(%)
Providing a Safe, Secure and Orderly Society	1,773.8	1,791.4	1,754.8	-1.1	-2.0
Legal Support to Government and Protecting the Rights of Victorians	186.2	214.5	218.0	17.1	1.6
Dispensing Justice	415.2	425.5	423.6	2.0	-0.4
Community Operations	222.0	219.0	201.5	-9.2	-8.0
Supporting the State's Fire and Emergency Services	200.0	202.6	204.0	2.0	0.7
Enforcing Correctional Orders	570.3	549.3	538.0	-5.7	-2.1
Protecting Consumers	141.2	137.3	136.4	-3.4	-0.7
Regulating Gaming and Racing	72.2	80.9	78.4	8.6	-3.1
Total	3,580.9	3,620.5	3,554.7	-0.7	-1.8

Sources: Department of Justice, *Annual Report 2008-09*; Department of Treasury and Finance, *Budget Paper No. 3 – 2009-10 Service Delivery*

The Department explained this variation in the 'Legal Support to Government and Protecting the Rights of Victorians' output as due to:²⁵⁶

- increased demand for legal advice from the Victorian Government Solicitor's Office;
- larger-than-expected grants to Victoria Legal Aid because of increased funding from the State Government and changes to Commonwealth funding arrangements; and
- bushfire response activities by the Victorian Institute of Forensic Medicine.

256 Department of Justice, Response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part One, received 11 December 2009, p.54

11.6.2 Other Output Targets

The Department met or exceeded 79 per cent of its other performance targets. For nine measures (10 per cent) the actual result was more than 10 per cent less than the target. There were no measures for which results were not provided. The Department was also one of two that provided historical data on its performance measures where possible, which provided additional capacity to interpret the Department's 2008-09 performance. The Committee commends the Department on its reporting.

The Department generally provided clear and detailed explanations in its annual report for significant variations between targets and actual results.

11.7. Department of Planning and Community Development

11.7.1 Output Costs

The Department of Planning and Community Development delivered \$437.5 million worth of goods and services in 2008-09. This was very close to its original budget, being just \$0.5 million more than budgeted and \$7.7 million less in respect of the revised budget. The Department's activities were classified into three output groups, all of which were within 10 per cent of their budgets.

Table 11.11: Output Costs for the Department of Planning and Community Development

Output group	2008-09 target	2008-09 revised target	2008-09 actual	Budget variation	Revised budget variation
	(\$ million)	(\$ million)	(\$ million)	(%)	(%)
Planning for Liveable Communities	151.6	142.2	146.7	-3.2	3.2
People in Liveable Communities ^(a)	120.0	124.4	124.2	3.5	-0.2
Participation in Liveable Communities	165.4	178.6	166.6	0.7	-6.7
Total	437.0	445.2	437.5	0.1	-1.7

Note:

- (a) The target for this output group is less than what was published in the 2008-09 Budget Paper No. 3 as the 'Multicultural Affairs' output has been subsequently transferred to the Department of Premier and Cabinet and has been included in its target in this report.

Sources: Department of Planning and Community Development, Annual Report 2008-09; Department of Treasury and Finance, Budget Paper No. 3 – 2009-10 Service Delivery

Within those three output groups were 12 budget targets. In three cases, the actual figure varied from the target by more than 10 per cent. The Department explained these instances as follows.²⁵⁷

1. People in Liveable Communities – Disability

Target: \$11.6 million Actual: \$10.3 million Variance: -11.2 per cent

Revised: \$11.4 million Actual: \$10.3 million Variance: -9.6 per cent

The variation between the budget and actual for 2008-09 is mainly due to carry forwards of (\$0.5m) for the redevelopment of the Disability Online Project, and funds (\$0.55m) allocated to the Companion Card Program which are expended through the Seniors and Veteran's outputs.

2. People in Liveable Communities – Adult and Community Education

Target: \$50.1 million Actual: \$59.1 million Variance: 18.0 per cent

Revised: \$57.2 million Actual: \$59.1 million Variance: 3.3 per cent

Funding from the Victorian Skills Commission was estimated in the 2008-09 Budget to be \$11m. However, funding received during the year totalled \$17.5m. This relates to funding provided to ACE providers for adult education and training. Other contributing factors for the variation to the budget include Securing Jobs for Your Future funding (\$2.55m) and Youth Guarantee funding (\$1.9m) received after the 2008-09 Budget.

3. Participation in Liveable Communities – Community Development²⁵⁸

Target: \$53.5 million Actual: \$46.9 million Variance: -12.3 per cent

Revised: \$55.0 million Actual: \$46.9 million Variance: -14.7 per cent

Revenue to the Community Support Fund increased by \$1.2m and expenditure decreased by \$6.8m compared to budget.

11.7.2 Other Output Targets

The Department of Planning and Community Development met or exceeded 90 per cent of its 154 non-budgetary performance measures, the highest rate of all the departments. Actual results were more than 10 per cent below targets in 7 per cent of cases.

There were no measures for which data were not reported, although the Department did inform the Committee that four targets relating to the 'Neighbourhood houses and men's sheds' output group were misreported in the annual report due to an 'editing/proofing oversight'.²⁵⁹

257 Department of Planning and Community Development, *Response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two*, received 24 February 2010, p.2

258 This output group was restructured from the original budget to the revised budget with the separate 'Community Strengthening' and 'Neighbourhood Houses and Men's Sheds' output groups becoming the 'Community Development' output group.

259 *ibid.*, p.4

11.8. Department of Premier and Cabinet

11.8.1 Output Costs

The Department of Premier and Cabinet's output expenditure for 2008-09 was \$632.5 million. This is \$85.9 million (16 per cent) more than the original budget and \$17.9 million (3 per cent) more compared to the revised budget. Of the Department's four output groups, there was only one for which the actual expenditure exceeded the original target by more than 10 per cent, but that one output group exceeded the budget by 84 per cent. No output groups exceeded the target by more than 10 per cent with respect to the revised budget targets.

Of the 13 original budget targets, actual results varied by more than 10 per cent from the target in four cases, of which three were in the 'Strategic Policy Advice and Projects' output group.

Previous annual reports from the Department had not included output costs or explanations for material variations, causing the Committee to recommend a change to the Department's practice.²⁶⁰ The Committee was pleased to see that this recommendation has been acted on in the 2008-09 annual report.

Table 11.12: Output Costs for the Department of Premier and Cabinet

Output group	2008-09 target	2008-09 revised target	2008-09 actual	Budget variation	Revised budget variation
	(\$ million)	(\$ million)	(\$ million)	(%)	(%)
Strategic Policy Advice and Projects	89.2	149.6	163.7	83.5	9.4
Public Sector Management, Governance and Support	32.8	34.8	33.5	2.1	-3.7
Multicultural Affairs ^(a)	14.1	14.0	12.8	-9.2	-8.6
Arts and Cultural Development	410.5	416.2	422.5	2.9	1.5
Total	546.6	614.6	632.5	15.7	2.9

Note:

- (a) This was included in the Department of Planning and Community Development's outputs in the 2008-09 Budget Paper No. 3 but was subsequently transferred to the Department of Premier and Cabinet.

Sources: Department of Premier and Cabinet, *Annual Report 2008-09*; Department of Treasury and Finance, *Budget Paper No. 3 – 2009-10 Service Delivery*

11.8.2 Other Output Targets

The Department of Premier and Cabinet met or exceeded 86 (87 per cent) of its 99 non-budgetary targets. For only four of the Department's targets (4 per cent) were the actual results more than 10 per cent less than the targets. This is the lowest rate of all departments.

260 Public Accounts and Estimates Committee, *Report on the 2007-08 Financial and Performance Outcomes*, May 2009, recommendation 25, p.248

The Department did not provide actual data for two targets, as the assessment they were based on had been discontinued, to be replaced by a more meaningful measure in 2010-11.²⁶¹ Actual results for 2008-09 for these measures were reported by the Department of Treasury and Finance, which showed that one target had been met and the other had not quite been met, but was under by less than 10 per cent.²⁶²

11.9. Department of Primary Industries

11.9.1 Output Costs

The Department of Primary Industries spent \$568.2 million on outputs in 2008-09. This is \$87.2 million (18 per cent) more than the original budget and \$25.1 million (5 per cent) more with respect to the revised budget. Of the four output groups, three varied from the target by more than 10 per cent.

Table 11.13: Output Costs for Department of Primary Industries

Output group	2008-09 target	2008-09 revised target	2008-09 actual	Budget variation	Revised budget variation
	(\$ million)	(\$ million)	(\$ million)	(%)	(%)
Primary Industries Policy	50.7	49.7	54.3	7.1	9.3
Regulation and Compliance	86.8	96.4	105.3	21.3	9.2
Strategic and Applied Scientific Research	200.7	182.3	175.7	-12.5	-3.6
Sustainable Practice Change	142.8	214.7	232.9	63.1	8.5
Total	481.0	543.1	568.2	18.1	4.6

Sources: Department of Primary Industries, *Financial Statements and Appendices 2008-09*; Department of Treasury and Finance, *Budget Paper No. 3 – 2009-10 Service Delivery*

11.9.2 Other Output Targets

The Department of Primary Industries had the fewest performance measures of all the departments, with just four major outputs and 59 performance measures in addition to the four budget targets. As the Department is one of the smaller portfolios in terms of its budget, the Committee does not consider that the number of performance indicators is necessarily a concern. However, the Committee does note that there are no quality performance measures in one major output – ‘Strategic and Applied Scientific Research’ – and suggests that the Department consider adding some quality measures.

The Department of Primary Industries was also one of only two departments to provide historical data for its measures where available. The Committee commends the Department for providing this additional information.

The Department met or exceeded 81 per cent of its non-budget targets. There were six targets (10 per cent) which were not met by more than 10 per cent.

261 Department of Premier and Cabinet, *Annual Report 2008-09*, p.127

262 Department of Treasury and Finance, *Budget Paper No.3 – Service Delivery 2009-10*, p.462

11.10. Department of Sustainability and Environment

11.10.1 Output Costs

The Department of Sustainability and Environment spent \$1.7 billion on outputs in 2008-09. This was \$363.7 million (28 per cent) more than the original budget and \$232.7 million (12 per cent) less than the revised budget. In percentage terms, the department recorded the largest variations from both the original and revised budgets.

Much of the over-expenditure compared to the original budget can be attributed to fire suppression activities, for which \$338.1 million in addition to the 2008-09 budget was provided to the Department in 2008-09 as part of the 2009 Victorian Bushfire Response and Recovery program.²⁶³

This accounts for the over-expenditure in the 'Healthy and Productive Land; Healthy, Productive and Accessible Marine, Coastal and Estuarine Systems; and Flourishing Biodiversity in Healthy Ecosystems' output group. The Committee notes significant expenditure variations in two of the other three major outputs as well.

Table 11.14: Output Costs for the Department of Sustainability and Environment

Output group	2008-09 target	2008-09 revised target	2008-09 actual	Budget variation	Revised budget variation
	(\$ million)	(\$ million)	(\$ million)	(%)	(%)
Healthy and Productive Water Systems	277.0	499.0	388.4	40.2	-22.2
Healthy and Productive Land; Healthy, Productive and Accessible Marine, Coastal and Estuarine Systems; and Flourishing Biodiversity in Healthy Ecosystems	689.9	1,062.8	971.5	40.8	-8.6
Less Waste, Less Pollution; and Clean Air, Liveable Climate	210.4	201.8	193.8	-7.9	-4.0
Land Administration and Property Information	127.6	137.7	114.9	-10.0	-16.6
Total	1,304.9	1,901.3	1,668.6	27.9	-12.2

Sources: Department of Sustainability and Environment, *Annual Report 2009*; Department of Treasury and Finance, *Budget Paper No. 3 – 2009-10 Service Delivery*

263 Department of Treasury and Finance, *Budget Paper No.3 – Service Delivery 2009-10*, p.285; Department of Sustainability and Environment, *Annual Report 2009*, p.192

There were eight budget targets within those output groups. For five of those targets, the Department's actual results varied by more than 10 per cent from the original budget. For the three cases in which the actual cost exceeded the budget, the Department provided the following explanations to the Committee.²⁶⁴

1. Healthy and Productive Water Systems – Sustainable Water Management and Supply

Target:	\$277.0 million	Actual:	\$388.4 million	Variance:	40.2 per cent
Revised:	\$499.0 million	Actual:	\$388.4 million	Variance:	-22.2 per cent

The 2008-09 actual output cost is higher than the 2008-09 target due to additional funding being provided for a significant number of water projects, including Grants for Water Bills for drought effected irrigators, Northern Victoria Irrigation Renewal project and a range of Living Murray projects.

2. Healthy and Productive Land; Healthy, Productive and Accessible Marine, Coastal and Estuarine Systems; and Flourishing Biodiversity in Healthy Ecosystems – Land and Fire Management

Target:	\$186.5 million	Actual:	\$508.1 million	Variance:	172.4 per cent
Revised:	\$548.3 million	Actual:	\$508.1 million	Variance:	-7.3 per cent

The higher 2008-09 output cost is due to additional funding being provided for costs associated with the February 2009 fire events.

3. Less Waste, Less Pollution; and Clean Air, Liveable Climate – Environmental Policy and Climate Change

Target:	\$77.6 million	Actual:	\$88.5 million	Variance:	14.0 per cent
Revised:	\$77.1 million	Actual:	\$88.5 million	Variance:	14.8 per cent

The variance between 2008-09 target and actual is due primarily to additional grant program payments to Sustainability Victoria for the Solar Hot Water program.

For the two targets for which there was under-expenditure, the Department supplied the following information.²⁶⁵

4. Healthy and Productive Land; Healthy, Productive and Accessible Marine, Coastal and Estuarine Systems; and Flourishing Biodiversity in Healthy Ecosystems – Natural Resources

Target:	\$195.1 million	Actual:	\$164.9 million	Variance:	-15.5 per cent
Revised:	\$159.5 million	Actual:	\$164.9 million	Variance:	3.4 per cent

A variance of \$34.2 million occurred in the Healthy and Productive Land initiatives in the 2008-09 financial year. The variance occurred in the Caring for our Country, National Landcare Program and Natural Resource Investment Program (NRIP) initiatives.

The variance is due to lower expenditure against the Commonwealth's components of the above programs.

264 Department of Sustainability and Environment, Response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part One, received 1 December 2009, p.23

265 Department of Sustainability and Environment, Response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 29 January 2010, pp.4-5

5. Less Waste, Less Pollution; and Clean Air, Liveable Climate – Statutory Activities and Environment Protection

Target: \$132.8 million	Actual: \$105.3 million	Variance: -20.7 per cent
Revised: \$124.7 million	Actual: \$105.3 million	Variance: -15.6 per cent

The variation is due to lower than anticipated grants being paid from the Hazardous Waste and Sustainability Funds.

11.10.2 Other Output Targets

The Department of Sustainability and Environment measured its performance on 80 indicators in addition to the budgetary targets. Compared to the original targets for 2008-09, 60 measures (75 per cent) met or exceeded their targets, with 10 targets (13 per cent) for which the actual results were more than 10 per cent less than the targets. Compared to the revised targets, 62 (78 per cent) measures met or exceeded the targets, with 7 measures (9 per cent) recording variances in excess of 10 per cent below the revised targets.

The Department provided detailed explanations in its annual report for significant variations. The Committee particularly noted the following measures.

Table 11.15: Selected Performance Measure Variations for the Department of Sustainability and Environment

Output/Output measure	Unit of measure	Target 2008-09	Revised target 2008-09	Actual 2008-09
Healthy and Productive Water Systems – Sustainable Water Management and Supply				
Expected water savings through recovery projects currently being implemented	megalitres	210,300	160,300	126,420
Cumulative water savings realised through water recovery projects	megalitres	429,600	369,100	327,840
Rebates approved to households for improved water efficiency in the house and garden	number	32,800	32,800	48,680
Healthy and Productive Land; Healthy, Productive and Accessible Marine, Coastal and Estuarine Systems; and Flourishing Biodiversity in Healthy Ecosystems – Public Land				
Recreational facilities in State Forests with a life expectancy greater than five years	per cent	80	70-75	70

Sources: *Department of Sustainability and Environment, Annual Report 2009; Department of Treasury and Finance, Budget Paper No. 3 – 2009-10 Service Delivery*

11.11. Department of Transport

11.11.1 Output Costs

The Department of Transport spent \$4.4 billion on outputs in 2008-09. That was \$100.8 million (2 per cent) more than the original budget and \$14.9 million (0.3 per cent) in respect to the revised budget. Expenditure was broken down into three output groups, with 14 budget targets. Actual expenditure for two of the three output groups was within 10 per cent of the budget and 12 of the 14 budget targets were met within 10 per cent.

Table 11.16: Output Costs for the Department of Transport

Output group	2008-09 target	2008-09 revised target	2008-09 actual	Budget variation	Revised budget variation
	(\$ million)	(\$ million)	(\$ million)	(%)	(%)
Public Safety and Security	317.6	363.5	359.9	13.3	-1.0
Public Transport Services	2,773.7	2,795.9	2,797.7	0.9	0.1
Infrastructure Planning, Delivery and Maintenance	1,246.5	1,264.3	1,281.0	2.8	1.3
Total	4,337.8	4,423.7	4,438.6	2.3	0.3

Sources: Department of Transport, *Annual Report 2008-09*; Department of Treasury and Finance, *Budget Paper No. 3 – 2009-10 Service Delivery*

The Department provided the following additional details about variations.²⁶⁶

1. Infrastructure Planning, Delivery and Maintenance – Freight, Logistics, Ports and Marine Development

Target: \$56.8 million Actual: \$68.1 million Variance: 19.9 per cent
 Revised: \$65.3 million Actual: \$68.1 million Variance: 4.3 per cent

Additional freight related activities were approved post May 2008-09 State Budget.

2. Public Safety and Security – Road Safety and Regulation

Target: \$114.2 million Actual: \$153.1 million Variance: 34.1 per cent
 Revised: \$144.5 million Actual: \$153.1 million Variance: 6.0 per cent

This output includes projects delivered under the Safer Roads Infrastructure Program. There has been an acceleration of the Program during 2008-09 and a reclassification of activities from capital to operating.

11.11.2 Other Output Targets

In addition to the 14 budget targets, the Department of Transport measured its performance relative to 166 other targets. Of these, it met or exceeded 71 per cent. There were 18 targets for which the actual result was more than 10 per cent less than the target and one date target which was exceeded by more than three months. Together these 19 targets with significant negative variations constitute 11 per cent of non-budget measures. There were also three milestone measures for which the Department did not supply actual figures. The notes in the annual report indicated that these milestones had not been met.²⁶⁷

266 Department of Transport, Response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part One, received 9 December 2009, p.46

267 Department of Transport, *Annual Report 2008-09*, p.172

11.12. Department of Treasury and Finance

11.12.1 Output Costs

The Department of Treasury and Finance spent \$238.1 million on goods and services in 2008-09, \$3.6 million (2 per cent) more than originally budgeted and \$2.8 million (1 per cent) more compared to the revised budget. The Department delivered six output groups. The actual costs for three of these were within 10 per cent of the original budget.

Table 11.17: Output Costs for the Department of Treasury and Finance

Output group	2008-09 target	2008-09 revised target	2008-09 actual	Budget variation	Revised budget variation
	(\$ million)	(\$ million)	(\$ million)	(%)	(%)
Strategic Policy Advice	38.9	34.4	34.4	-11.5	0.1
Financial Management Services	15.8	16.8	17.2	9.1	2.6
Risk Management Services	19.2	21.7	21.8	13.4	0.3
Resource Management Services	79.6	78.7	80.7	1.4	2.5
Regulatory Services	17.8	23.5	23.9	34.2	1.6
Revenue Management Services	63.2	60.2	60.1	-4.9	-0.2
Total	234.5	235.3	238.1	1.5	1.2

Sources: Department of Treasury and Finance; Annual Report 2008-09, Department of Treasury and Finance, Budget Paper No. 3 – 2009-10 Service Delivery

Those six output groups contained 10 budget targets. In three cases, the actual result was more than 10 per cent higher than the target. In two cases, the actual result was more than 10 per cent less than the target. The Department provided the following explanations for the targets that substantially exceeded budget.²⁶⁸

1. Financial Management Services – Financial Reporting

Target: \$9.5 million Actual: \$11.4 million Variance: 20.1 per cent
 Revised: \$11.3 million Actual: \$11.4 million Variance: 1.0 per cent

The increased cost above target was due to the reallocation of existing staff from other outputs to work directly to this output. As a result of this, there was a greater allocation of the Department's corporate overheads to this output and a subsequent reduction in overheads (and costs) for other outputs, namely Financial and Resource Management Frameworks, and Budget and Financial Policy Advice.

268 Department of Treasury and Finance, Response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part One, received 10 December 2009, p.49

2. Risk Management Services – Land and Infrastructure Investment Management

Target: \$19.2 million	Actual: \$21.8 million	Variance: 13.4 per cent
Revised: \$21.7 million	Actual: \$21.8 million	Variance: 0.3 per cent

The increased cost above target was mainly due to external funding received for the sale of government properties (land and buildings) and other projects, additional expenses incurred for the repairs and maintenance of properties, and an internal funding re-allocation to further enhance the achievement of core output deliverables.

3. Regulatory Services – Economic Regulatory Services

Target: \$12.1 million	Actual: \$18.4 million	Variance: 51.8 per cent
Revised: \$17.9 million	Actual: \$18.4 million	Variance: 2.6 per cent

The increased cost above target was mainly due to the funding received from the Department of Primary Industries for the system development for the Victorian Renewable Target Scheme and Victorian Energy Efficient Target Scheme.

11.12.2 Other Output Targets

The Department of Treasury and Finance reported against 84 targets in addition to the 10 budget targets. The Department met or exceeded 73 (87 per cent) of those non-budget targets. Four actual results (5 per cent) were more than 10 per cent less than the target.

