



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

2009-10 AND 2010-11 FINANCIAL AND PERFORMANCE OUTCOMES QUESTIONNAIRE — PART ONE

DEPARTMENT OF PRIMARY INDUSTRIES

SECTION A: Output variations (departments only)

Question 1

In relation to the departmental outputs listed in the budget papers, please provide a detailed explanation for all instances where an output cost for 2009-10 or 2010-11 varied from the initial target by greater than ± 10 per cent:

DPI Response

Output costs in 2009-10:

| Output | Expected expenditure 2009-10 \$'million (2009-10 Budget Papers) | Actual expenditure 2009-10 \$'million (2009-10 Annual Report) | Explanation | Impact on the community of reduced/increased expenditure compared to budget |
|---------------------------|---|---|---|--|
| Primary Industries Policy | 51.9 | 76.1 | Actual 2009-10 expenditure exceeded expected 2009-10 expenditure because of an internal realignment of the output costing structure and additional costs for the Carbon Capture and Storage (CCS) pre-feasibility study for which supplementary funding was received. | <ul style="list-style-type: none"> Supplementary funding was used to conduct a pre-feasibility study on potential CCS demonstration projects, to be considered as part of the Australian Government's CCS Flagships program. The CCS Flagships program presented a unique opportunity for the State to leverage Commonwealth funding to work towards its commitment to reduce emissions and transform Victoria's energy sector in a carbon constrained economy. The internal realignment of the output costing structure reflects an increased provision of strategy and policy services. Increased expenditure was used to undertake work on high priority and long-term policy challenges; in particular DPI provided substantial input into whole-of-government policies central to primary and energy industries e.g. the Climate Change White Paper, the Land and Biodiversity White Paper, the Jobs for the Future Economy Statement and the Regional Blueprint. |
| Regulation and Compliance | 97.3 | 116.8 | Actual 2009-10 expenditure exceeded the expected 2009-10 expenditure because of an internal realignment of the output costing structure and additional costs for pest and disease control, relating to Queensland Fruit | <ul style="list-style-type: none"> Supplementary funding was used to undertake biosecurity emergency preparedness and response activities to eradicate and contain priority pests and diseases that threatened Victoria's environment, productivity and markets. In addition to supplementary funding received, DPI also internally |

| Output | Expected expenditure 2009-10 \$'million (2009-10 Budget Papers) | Actual expenditure 2009-10 \$'million (2009-10 Annual Report) | Explanation | Impact on the community of reduced/increased expenditure compared to budget |
|---|---|---|--|--|
| | | | Fly (QFF), potato cyst nematode and Mexican feather grass outbreaks for which supplementary funding was achieved. | redirected a significant number of staff to assist in the priority emergency response effort. |
| Strategic and Applied Scientific Research | 211.6 | 188.7 | Actual 2009-10 expenditure was less expected 2009-10 expenditure because of an internal realignment of output costs, offset by additional costs for Brown Coal Innovation Australia (BCIA) for which supplementary funding was received. | <ul style="list-style-type: none"> The internal realignment of the output costing structure relates to priority work undertaken in the Primary Industries Policy and Regulation and Compliance outputs as mentioned above. Supplementary funding allocated towards the establishment of BCIA has assisted in moderating the cost of living pressures for Victorians into the future, by providing opportunities for Government to partner with industry to develop low-emission brown coal technology and secure energy supplies, in a carbon constrained environment. |

Output costs in 2010-11:

| Output | Expected expenditure 2010-11 \$'million (2010-11 Budget Papers) | Actual expenditure 2010-11 \$'million (2010-11 Annual Report) | Explanation | Impact on the community of reduced/increased expenditure compared to budget |
|---------------------------|---|---|--|--|
| Primary Industries Policy | 66.9 | 74.5 | Actual 2010-11 expenditure exceeded expected 2010-11 expenditure due to additional costs incurred as a result of DPI assuming responsibility for the administration of the VicForest Fire Salvage and Recovery program and for the establishment of a Powerline Bushfire Safety Taskforce (PBST) for which supplementary funding was received. | <ul style="list-style-type: none"> Supplementary funding for the VicForest Fire Salvage and Recovery program has helped to reduce the impact of the 2009 bushfires on the wider native timber industry and contractor workforce, and future resource availability. The program has ensured that timber from trees destroyed by the 2009 bushfires have been able to be utilised as much as possible, reducing the need to harvest green forest. Supplementary funding was also received for the establishment of the PBST to review all options, that could reduce the risk of |

| Output | Expected expenditure 2010-11 \$'million (2010-11 Budget Papers) | Actual expenditure 2010-11 \$'million (2010-11 Annual Report) | Explanation | Impact on the community of reduced/increased expenditure compared to budget |
|---------------------------|---|---|---|--|
| | | | | catastrophic bushfires from electricity supply. |
| Regulation and Compliance | 116.2 | 148.4 | Actual 2010-11 expenditure exceeded the expected 2010-11 expenditure due to additional costs incurred for pest and disease control, primarily in undertaking urgent locust control activities for which supplementary funding was received. | <ul style="list-style-type: none"> • Additional expenditure was incurred on biosecurity emergency preparedness and response activities to eradicate and contain priority pests and diseases that threatened Victoria's environment, productivity and markets. The majority of supplementary funding and effort was focused on the locust plague response. Achievements for the community included the safe, substantial mitigation of the locust plague, reducing the impacts of locusts on agricultural, environmental and social amenity assets. • DPI also responded to a number of other priority pests outbreaks during 2010-11 which included Queensland Fruit Fly, Chestnut Blight, Mexican Feather Grass and Salvinia. |

Question 2

Regarding the Department's performance measures in the budget papers:

- (a) How did the Department's 2008-09 results influence departmental planning in 2009-10?
 (b) How did the Department's 2009-10 results influence departmental planning in 2010-11?

DPI Response (2a & 2b)

DPI has a strong annual evaluation and investment framework, in line with the Strategic Management Framework cycle, which provides for a continuous cycle of planning, resource allocation, service delivery and accountability. Performance measure outcomes are just one component of this cycle and are used to monitor departmental activity and contribute to the development of new programs and the direction of future investment.

Question 3

For each of the output costs listed for the Department in the budget papers, please break the expense for 2010-11 down into the first six months and second six months of the financial year and explain any variations greater than ± 10 per cent between the two six-month amounts:

DPI Response

| Output | Expense Jul 2010 – Dec 2010 \$'million | Expense Jan 2011 – Jun 2011 \$'million | Explanation for any variations greater than ± 10 per cent |
|---|---|---|--|
| Primary Industries Policy | 40.4 | 34.1 | The lower expenditure in the second half of 2010-11 is a result of re-phrasings for the Forestry Review and Shared Benefits Wind Energy program budgets, to align with re-designed project specifications. |
| Regulation and Compliance | 63.8 | 84.6 | Variance relates primarily to expenditure incurred in second half of 2010-11 for: <ul style="list-style-type: none"> • State biosecurity incursion response costs for Queensland Fruit Fly, Chestnut Blight, Mexican Feather Grass and Salvinia; • National biosecurity cost-sharing costs for Red Imported Fire Ants, Asian Honey Bees and Myrtle Rust; and • An increase in claims for the Locust Insecticide Rebate Scheme which ceased at the end of 2010-11. |
| Strategic and Applied Scientific Research | 83.5 | 118.2 | Variance relates primarily to grant payments made in the second half of 2010-11 for Brown Coal Innovation Australia, energy demonstration projects, and to Latrobe University and CenITex for the Biosciences Research Centre project. |
| Sustainable Practice Change | 46.3 | 71.5 | Variance is primarily due to a surge in applications for the Exceptional Circumstances Interest Rate Subsidy program in the second half of 2010-11, as a result of the closure of all exceptional circumstances declarations in Victoria announced in March and April 2011. |

Question 4

With respect to the performance measures listed in the 2010-11 budget papers for the Department (including the quality, quantity, timeliness and cost measures), for each measure where the actual result to 31 December 2010 varied by more than ± 10 per cent from the target result for 31 December 2010, please provide:

- the target for 31 December 2010;
- the actual result for 31 December 2010;
- an explanation for the variation.

This information may be based on the information provided to the Department of Treasury and Finance as part of the half-yearly revenue certification process.

DPI Response

| Performance measure | Target 31 Dec 2010 | Actual 31 Dec 2010 | Explanation for variation |
|---|-------------------------------|-------------------------------|--|
| Industry information packages released targeted at minerals and petroleum | 6 | 8 | There were more information packages released in the first half of the year due to the release of the new GeoThermal Atlas, and work associated with legislative changes for the Mineral Resources (Sustainable Development) Act. |
| Powerline relocation grants approved | 10 | 7 | The lower result is due to a reduced program for the year as a result of the Powerline Relocation Grant scheme having largely met its objectives to co-fund aesthetically driven community powerline relocation projects, funding over 250 projects across regional and metropolitan Victoria. The reduced program for 2010-11 reflects the reordering of Government priorities, including providing support for initiatives arising from the recommendations of the 2009 Victorian Bushfires Royal Commission. |
| Strategic policy briefings on energy matters to portfolio minister | 100 | 123 | The increase in strategic policy briefings reflects higher demand for information on key energy matters. |
| Facilitate delivery of milestones in line with grant Agreements for large-scale Carbon Capture and Storage demonstration program | 100% | 0% | No progress was achieved on the HRL Syngas project (Phase 2) due to a mutual agreement between the relevant parties to focus on the development of the HRL Dual Gas project. At this stage of the year, funding agreements were still to be finalised for the other three successful grant recipients with work due to commence in early 2011. |
| Audits completed at mineral and petroleum sites on specific high risk issues | 50 | 45 | There were less audits completed largely due to key resources being redirected to the Locust Emergency response. |
| Environmental and compliance audits of critical minerals and petroleum sites completed | 30 | 16 | There were less audits completed largely due to key resources being redirected to the Locust Emergency response. |
| Formal agreements with land managers (public and private) and peak body organisations to undertake agreed pest management practices | 30 | 48 | The increase in formal agreements was due to the maturity of the roadside weeds grant allocation process with municipal councils. |
| Properties inspected for Invasive Plant and Animal priority species | 3000 | 2351 | There was a reduced number of properties inspected due to the diversion of effort to the Locust Emergency Response. |
| State prohibited weeds monitored and where present, treated | 50% | 37% | State prohibited weeds monitoring and treatment planning were impacted by the diversion of effort to the Locust Emergency Response. |

| Performance measure | Target 31 Dec 2010 | Actual 31 Dec 2010 | Explanation for variation |
|--|-----------------------|-----------------------|--|
| Levels of compliance are maintained to ensure the sustainability of priority fish species | >90% | 36% | For the first six months of the year, intelligence driven operations were severely impacted by staff diversion to the Locust Emergency Response. |
| Mining industry work-plans not processed in one month | <5% | 6% | The target was not reached due to one work-plan out of sixteen not being processed within the target timeframe, partly due to staff work load. |
| Regulation and Compliance – Output Cost | \$73m | \$63.8m | The under-expenditure related to Locust Response costs (specifically the Locust Insecticide Rebate Scheme) being lower than expected as at 31 December 2010. |
| Applications for intellectual property protection | 4 | 6 | The increase in applications for intellectual property protection was due to a decision by a commercial partner to apply for plant breeders rights for 2 lines arising from DPI breeding activities. |
| Commercial technology licence agreements finalised | 10 | 9 | The number of commercial technology licence agreements finalised for the period were less than forecast due to the negotiation of commercial terms for one licence taking longer than anticipated. |
| International scientific workshops/conferences lead/organised by DPI to promote science leadership among peers | 5 | 6 | An additional workshop/conference was held in the first six months of the year. |
| New key enabling technologies and core science capacity competencies established/upgraded by DPI | 1 | 2 | The Bio Sciences Advanced Scientific Computing refresh was implemented resulting in a significant upgrade in computing capacity. The establishment of proteomics and metabolomics capabilities with a particular focus on plants and endophytes in addition to crops, forages and animals also occurred. |
| Postgraduate level PhD students in training by DPI | 77 | 88 | The increase in PhD students engaged was a result of the Future Farming Systems Research division strengthened relationships with universities, which provided an increased opportunity for PhD students to be involved in DPI's work. |
| Farmers facing significant adjustment pressures supported to make better informed decisions | 1000 | 1100 | Six month target slightly exceeded due to increased demand. |
| Formal evaluations that demonstrate contribution to increased industry productivity growth | 0 | 1 | One formal evaluation from the Horticulture sector was delivered ahead of schedule. |
| Significant stakeholder interactions on climate change, climate variability and emission management | 800 | 950 | The six-month target was exceeded due to higher than expected demand generated in particular by an innovative new climate communications product (The Climate dogs). |
| Targeted areas provided with information through Ag | 10 | 11 | Engagement commenced in 11 target communities, with engagement activities in |

| Performance measure | Target 31 Dec 2010 | Actual 31 Dec 2010 | Explanation for variation |
|---|-----------------------|-----------------------|--|
| Futures Forums about the key drivers of change for agriculture to guide local decision making | | | these areas continued during the remainder of 2010-11. |
| Water Savings Plans completed in the Goulburn Murray Irrigation District | 150 | 180 | The six monthly result was due to higher than expected demand from irrigators and the capture of efficiencies in the development of Water Savings Plans. |
| Proportion of practice change and technical publications submitted to conference proceedings and peer review journals that are accepted for publication | 90% | 100% | The target was exceeded as all technical publications submitted to conference proceedings were accepted for publication. |
| Project milestone reports completed on-time | 85% | 72% | The lower than expected result was due to re-prioritisation of resources to Emergency Response activities, principally to the locust response, but also in some cases to the drought and flood response. |

If the Department is unable to provide this information to the Committee, please explain:

- (a) why this information is not available; and
- (b) how the Department tracks its progress during the year with respect to its performance measures.

DPI Response

Not Applicable.

SECTION B: Asset investment (departments only)**Question 5**

This question does not apply to your department.

Question 6

For each of the following asset investment projects, please provide:

- (a) the actual expenditure in 2009-10 and 2010-11;
- (b) explanations for any variations greater than ± 10 per cent between the actual expenditure and what was estimated in the Budget at the start of the year; and
- (c) descriptions of the impact of any variations.

Note: For projects in 2009-10, the column 'Estimated expenditure in 2009-10 (2010-11 budget papers)' is calculated by deducting the estimated expenditure to 30 June 2009 listed in Budget Information Paper 1 (2009-10) from estimated expenditure to 30 June 2010 in Budget Information Paper 1 (2010-11) for the project. Under some circumstances this may result in a negative number, which should be explained in the departmental response. A similar approach is used in calculating the corresponding column for projects in 2010-11.

DPI Response**Projects in 2009-10:**

| Project | Estimated expenditure in 2009-10 \$'million (2009-10 Budget Papers) | Estimated expenditure in 2009-10 \$'million (2010-11 Budget Papers) | Actual expenditure in 2009-10 \$'million | Explanation for any variations greater than ± 10 per cent | Impact of any variations |
|--|--|--|---|---|---|
| Resource Rights Allocation and Management Capability - System replacement (Melbourne) | 4.551 | 2.200 | 4.480 | Not applicable – variance between Actual Expenditure and Estimated Expenditure at the start of the year (2009-10 Budget Papers) not greater than ± 10 per cent. | |
| Replacement of Fisheries Catch and Effort Data and Information System - System replacement (Melbourne) | 0.340 | 0.490 | 0.579 | Variance is due to a contractor engagement and payment being deferred into 2009-10 (from 2008-09), as a result of delays with CenITex in procuring information and communication technology infrastructure. | The implementation of the new information system was delayed. |

Projects in 2010-11:

| Project | Estimated expenditure in 2010-11 \$'million (2010-11 budget papers) | Estimated expenditure in 2010-11 \$'million (2011-12 budget papers) | Actual expenditure In 2010-11 \$'million | Explanation for any variations greater than ±10 per cent | Impact of any variations |
|---|--|--|---|---|--|
| Natural Disaster Emergencies – system development (Melbourne) | 0.417 | 0.000 | 0.000 | The variance between Actual Expenditure and Estimated Expenditure at the start of the year (2010-11 Budget Papers) is due to the diversion of key staff to the Locust Emergency Response, resulting in the planned pilot of the program being deferred. | No impact – at this stage, it is expected that the project will still be completed within original timelines and budget. |

Question 7

Please provide details of the status of each of the following asset projects for which the 2010-11 Budget Information Paper No.1 indicates that expenditure would occur after 2010-11 but the project does not appear in the 2011-12 Budget Paper No.4:

DPI Response

| Project | Funding remaining to be spent after 2010-11 \$'million (2010-11 Budget Information Paper No.1) | Current status | Latest approved/final TEI \$'million | Construction completion date/estimated construction completion date (including the commissioning phase) |
|--|---|--|---|--|
| Replacement of Fisheries Catch and Effort Data and Information System - System replacement (Melbourne) | 1.854 | The Catch and Effort (core) Information System was implemented in November 2011. Work currently taking place is non-core software development and rectification of any issues, to ensure the project is completed as per original project specifications. | 2.694 | All stages will be completed by 30 June 2012. |

Question 8

Please provide the following details of any asset investment projects not covered in Question 6 where the actual expenditure in 2009-10 or 2010-11 varied from the budget estimate for expenditure by greater than ± 10 per cent.

DPI Response**Projects in 2009-10:**

| Project | Estimated expenditure in 2009-10 \$'million (2009-10 budget papers) | Actual expenditure in 2009-10 \$'million | Explanation | Impact of variation |
|--|--|--|---|---|
| Fish Production Facility – Development (Snobs Creek) | 0.400 | 0.003 | Under expenditure in 2009-10 was a result of tender negotiations taking longer than expected. | Delays meant the project was not able to be delivered as per original timelines, however the Fish Production Facility was completed in 2010-11. |

Projects in 2010-11:

| Project | Estimated expenditure in 2010-11 \$'million (2010-11 budget papers) | Actual expenditure in 2010-11 \$'million | Explanation | Impact of variation |
|--|--|--|--|--|
| Fish Production Facility – Development (Snobs Creek) | 0.750 | 1.147 | Variance was a result of the 2010-11 budget (Estimated Expenditure reported in the 2010-11 Budget Papers) being revised to include funding unspent in 2009-10 as a result of delays in tender negotiations. | No impact - the Fish Production Facility project was completed in 2010-11 within budget. |
| Replacement of Fisheries Catch and Effort Data and Information System - System replacement (Melbourne) | 0.000 | 1.129 | There was no Estimated Expenditure reported in the 2010-11 Budget Papers, as at the time of the 2010-11 Budget Papers publication, cashflow requirements were still being reviewed to determine 2010-11 expenditure estimates. | No impact – project will be completed within budget. |
| Resource Rights Allocation and Management Capability | 6.802 | 4.672 | Variance was a result of the 2010-11 budget (Estimated Expenditure reported in 2010-11 Budget Papers) being | No impact – at this stage, it is expected that the project will still be completed |

| Project | Estimated expenditure in 2010-11 \$'million (2010-11 budget papers) | Actual expenditure in 2010-11 \$'million | Explanation | Impact of variation |
|---|--|--|---|--|
| - System replacement (Melbourne) | | | revised from \$6.802 million to \$4.672 million to exclude the output component of the project. | within original timelines and budget. |
| Advanced computing for biological and farm systems research – system update (Various) | 2.420 | 1.331 | Variance was due to delays in decommissioning and replacement planning required in the data management area of the project. | No impact – at this stage, it is expected that the project will still be completed within original timelines and budget. |

Question 9

For each of your organisation's asset projects procured and delivered through project alliancing, please provide the following details (please provide all figures in \$ million):

DPI Response

Not applicable. DPI currently has no asset projects procured and delivered through the project alliancing model.

Question 10

For each of your organisation's asset projects procured through Partnerships Victoria arrangements, please provide the following details (please provide all figures in \$ million):

DPI Response

| Project | Service payments by the Department | | Service payments by other government agencies | | Income from non-government sources | | Latest approved total estimated capital investment over the life of the project | Total Government liability remaining | | |
|---|------------------------------------|-----------|---|----------|------------------------------------|----------|---|--------------------------------------|----------------|----------------|
| | 2009-10 | 2010-11 | 2009-10 | 2010-11 | 2009-10 | 2010-11 | | at 30/6/09 | at 30/6/10 | at 30/6/11 |
| Biosciences Research Centre Project (AgriBio) | \$0.000m | \$0.000m | \$0.000m | \$0.000m | \$0.000m | \$0.000m | \$227.340m | See Note Below | See Note Below | See Note Below |
| Royal Melbourne Showgrounds Redevelopment | \$8.496m | \$11.400m | \$0.000m | \$0.000m | \$5.331m | \$4.175m | \$100.7m | \$85.752m | \$80.652m | \$75.209m |

Biosciences Research Centre (AgriBio) project

- The Biosciences Research Centre (AgriBio) project is a joint venture between the State and La Trobe University (La Trobe). The State's contribution to the joint venture is \$227.340 million while La Trobe's contribution is \$60.44 million (expressed in May 2009 dollars).
- On 30 April 2009, Biosciences Research Centre Pty Ltd (on behalf of the State and La Trobe) entered into a project agreement with Plenary Research Pty Ltd (the concessionaire) to design, construct, finance and maintain the facility over the operating term of the project (25 years).
- Service payments to the concessionaire will begin from the date of commercial acceptance of completed works, which is expected to occur in 2012. Given this, no Government liability has been reported as at 30 June 2011 in the department's 2010-11 Annual Financial Statement (AFS) in line with accounting recognition principles.

Royal Melbourne Showgrounds Redevelopment project

- The Redevelopment of the Royal Melbourne Showgrounds project is a joint venture between the State and the Royal Agricultural Society of Victoria Limited (RASV).
- The State's contribution to the joint venture is \$100.7 million (expressed in 2004 dollars), while RASV contributed its goodwill and intellectual property in running the Royal Melbourne Show for over 100 years, as well as its freehold land and Crown Land under management at the showgrounds valued at \$51 million (in June 2005). More recently, in February 2011 the overall Showgrounds land across three titles was valued for accounting purposes at \$100 million.
- Service payments to the concessionaire (PPP Solutions (Showgrounds) Nominee Pty Ltd) commenced from August 2006 (date of commercial acceptance) for the project operating term of 25 years. Total Government liability as at 30 June 2011 reported in the department's 2010-11 AFS is \$75.209 million in line with accounting recognition principles.

Question 11

Please provide the following details of any asset projects that the Department is involved with which have a TEI greater than \$50 million which are not detailed in Budget Paper No.4 or which details have not been supplied in response to Question 9 or Question 10 above.

DPI Response

Not applicable. DPI only has two asset projects with a TEI greater than \$50 million - the Biosciences Research Centre (AgriBio) and the Royal Melbourne Showgrounds Redevelopment projects. Details are provided in the response to Question 10.

Question 12

For any asset projects where some components are funded/delivered by the Government directly and some are funded/delivered through Partnerships Victoria arrangements in 2009-10 or 2010-11, please supply the following details of the Government funding:

DPI Response

Not Applicable. DPI does not have any asset projects where some components are funded/delivered by Government directly and other components funded/delivered through Partnership Victoria arrangements. The Biosciences Research Centre (AgriBio) and Royal Showgrounds Redevelopment projects are wholly delivered via Partnership Victoria arrangements.

Question 13

How many staff (full-time equivalent numbers) were employed by the Department to work on public private partnerships on 30 June 2009, 2010 and 2011? Please break this number down by how many are ongoing, fixed-term, contractors and consultants.

DPI Response

| | Number of staff (FTE) as at 30 June 2009 | Number of staff (FTE) as at 30 June 2010 | Number of staff (FTE) as at 30 June 2011 |
|-------------|---|---|---|
| Ongoing | 4.5 | 2.6 | 2.6 |
| Fixed-term | 2.5 | 4.6 | 4.6 |
| Contractors | 2.5 | 2.6 | 0.4 |
| Consultants | 0.0 | 0.0 | 0.0 |

Question 14

How many staff (full-time equivalent numbers) were employed by the Department to work on alliancing projects on 30 June 2009, 2010 and 2011? Please break this number down by how many are ongoing, fixed-term, contractors and consultants.

DPI Response

Not Applicable. DPI currently has no asset projects procured and delivered through the project alliancing model.

Question 15

Regarding the Partnerships Victoria Contract Management Training delivered by the Department of Treasury and Finance:

- (a) How many contract managers does your organisation currently employ for Partnerships Victoria projects, how many have undertaken this training, within how many months from their appointment in this role and at what cost?

DPI Response

| Total number of contract managers for Partnerships Victoria projects as at 30 June 2011 | Number of contract managers for Partnerships Victoria projects who have undertaken Partnerships Victoria training as at 30 June 2011 | Length of time between when contract managers are appointed and when they undertake the training | Expenditure on this training in 2010-11 (\$) |
|---|--|--|--|
| 1 | 0 (see response to Question 15.b below) | Not Applicable | \$0 |

A contract manager has not yet been formally appointed for the Biosciences Research Centre project, however will be in the coming months once the project nears commercial acceptance.

- (b) What proportion of the contract managers currently working on Partnerships Victoria projects have sought, and what proportion gained, an exemption to this training?

DPI Response

An exemption was gained for the Contract Director of the Royal Melbourne Showgrounds Redevelopment project given his extensive background and knowledge.

- (c) Have other people in your organisation undertaken this training? If so, how many and for what reason?

DPI Response

Yes. Two staff from the Biosciences Research Centre (AgriBio) project undertook this training in March 2010 in preparation for their roles during the Operational Phase of the project.

Question 16

Regarding the Partnerships Victoria Contract Managers' Forums:

- (a) What proportion of your organisation's current contract directors and contract managers participate in these forums, and at what stage of the public-private partnership project?

DPI Response

The Partnerships Victoria Contract Managers' Forums provides a formal opportunity for Partnerships Victoria contract directors and contract managers to network with their peers, share information and experiences, and hear experienced public and private sector practitioners talk on contract management issues.

DPI currently only has one formally appointed contract director (for the Royal Melbourne Showgrounds Redevelopment project). Given the contract director's extensive knowledge and background in contract management for Partnerships Victoria projects, the director participates in Partnerships Victoria Contract Managers' Forums when possible.

- (b) Have other people in your organisation participated in the forums? If so, how many and for what reason?

DPI Response

No other staff members from DPI have participated in the Partnership Victoria Contract Managers' Forums.

- (c) Has an assessment or evaluation of the usefulness of these forums, and any other services provided by Partnerships Victoria, been done? If so, please provide the results of this evaluation.

DPI Response

Partnership Victoria Contract Managers' Forums are held approximately twice a year and are coordinated by the Department of Treasury and Finance (DTF). Given DPI's limited involvement in these forums, no internal DPI evaluation of the forum has been conducted.

Question 17

Please detail any other training and development arrangements (including training delivered by the Department of Treasury and Finance, other providers and internal training) that are in place within your organisation for staff involved in overseeing, evaluating or managing asset projects delivered through Partnerships Victoria, alliancing or other arrangements, including:

- (a) the type of training;
 (b) the purpose of the training;
 (c) the number of people trained; and
 (d) expenditure incurred on the training.

DPI Response

| Type of training | Purpose | Number of people trained | Expenditure (\$) |
|---|--|---|------------------|
| Partnerships Victoria Contract Management Training | The course covers the commercial and legal dimensions of contract management for Partnerships Victoria projects. The course fulfils the Cabinet endorsed requirement that all new contract directors and contract managers for Partnerships Victoria projects undertake training (or seek an exemption) within 6 months of appointment. | 2 | \$4,736 |
| Melbourne University - Public Private Partnerships Leadership Program | The course is designed to give participants an understanding of how to gain value for money when procuring service outcomes through the involvement of the public and private sectors. The program will assist participants to develop a good understanding of Public Private Partnerships; what they are, | Nil, however the contract director of the Royal Melbourne Showgrounds | \$0 |

| Type of training | Purpose | Number of people trained | Expenditure (\$) |
|--|---|---|--|
| | how they work and the Partnerships Victoria policy framework. | Redevelopment project is a presenter at the course. | |
| Governance of Financial Management (GOFM) Training | The purpose of GOFM training is to provide participants with an overview of the financial management and procurement governance issues associated with the exercise of a delegation under the Financial Management Act 1994. GOFM training is an internal DPI course. | 4 | DPI internal cost – no cost to the project |

Question 18

For each category into which financial assets, non-financial assets and liabilities are broken down in your agency's balance sheet in its annual report, please provide the balances as at 30 June 2010, 31 December 2010 and 30 June 2011 and explain any variations greater than ± 10 per cent from one date to the next:

DPI Response

30 June 2010 and 31 December 2010:

| Financial asset, non-financial asset and liability categories | Balance as at 30 June 2010 \$m | Balance as at 31 Dec 2010 \$m | Explanation for any variances greater than ± 10 per cent |
|---|--------------------------------|-------------------------------|--|
| Financial Assets | | | |
| Cash and deposits | 59.465 | 48.149 | Variance is largely due to a timing difference between cash drawn from the State Administrative Unit (SAU) to the payroll bank account on 30 June 2010 and being paid to employees on 1 July 2010. |
| Receivables | 176.222 | 123.123 | Variance is largely due to a reduction in the Department's State Administrative Unit (SAU) balance, arising from the payment of invoices. |
| Investments & other financial assets | 16.194 | 16.194 | Not Applicable - Variance not greater than ± 10 per cent. |
| Non Financial Assets | | | |
| Inventories | 0.256 | 0.256 | Not Applicable - Variance not greater than ± 10 per cent. |
| Non-financial physical assets classified as held for sale | 6.117 | 0.000 | Variance relates to the sale of land and buildings classified as 'held for sale' at 30 June 2010 and one site no longer meeting the criteria of 'held for sale', and therefore being disclosed as property, plant and equipment. |
| Biological assets | 1.782 | 1.782 | Not Applicable - Variance not greater than ± 10 per cent. |
| Property, plant and equipment | 372.458 | 378.124 | Not Applicable - Variance not greater than ± 10 per cent. |
| Intangible assets | 0.000 | 0.000 | Not Applicable - Variance not greater than ± 10 per cent. |
| Prepayments | 0.949 | 1.777 | Variance is largely due to the payment of annual insurance premiums and prepaid salaries. |

| Financial asset, non-financial asset and liability categories | Balance as at 30 June 2010 \$m | Balance as at 31 Dec 2010 \$m | Explanation for any variances greater than ± 10 per cent |
|---|-----------------------------------|----------------------------------|--|
| Liabilities | | | |
| Payables | 149.274 | 87.940 | Variance is primarily due to the payment of invoices for significant projects and programs including Exceptional Circumstances Interest Rate Subsidy program, ETIS Brown Coal Innovation Australia project and the Resources Rights Allocation and Management Program. |
| Borrowings | 74.779 | 72.696 | Not Applicable - Variance not greater than ± 10 per cent. |
| Provisions | 61.658 | 62.399 | Not Applicable - Variance not greater than ± 10 per cent. |
| Deposits repayable | 0.362 | 0.565 | Variance is due to the collection of rehabilitation bonds from mining entities undertaking mining activities on Crown Land. |
| Unearned income | 2.969 | 3.045 | Not Applicable - Variance not greater than ± 10 per cent. |

31 December 2010 and 30 June 2011:

| Financial asset, non-financial asset and liability categories | Balance as at 31 Dec 2010 \$m | Balance as at 30 June 2011 \$m | Explanation for any variances greater than ± 10 per cent |
|---|----------------------------------|-----------------------------------|---|
| Financial Assets | | | |
| Cash and deposits | 48.149 | 64.660 | Variance is predominantly due to an increase in funding for research and related activities held in trust. |
| Receivables | 123.123 | 148.424 | Variance is mainly due to an increase in the Department's State Administrative Unit (SAU) balance as a result of a number of invoices to be paid in the following period. |
| Investments & other financial assets | 16.194 | 16.224 | Not Applicable - Variance not greater than ± 10 per cent. |
| Non Financial Assets | | | |
| Inventories | 0.256 | 0.319 | Variance is largely due to an increase in farm produce. |
| Non-financial physical assets classified as held for sale | 0.000 | 0.190 | Variance is due to the recognition of motor vehicles under the Department of Treasury and Finance VicFleet lease facility which were held pending sale at auction. |
| Biological assets | 1.782 | 1.349 | Variance is due to a reduction in farm livestock through cattle and sheep sales. |
| Property, plant and equipment | 378.124 | 583.159 | Variance is due to the increase in value of land, offset by a reduction in building values. |
| Intangible assets | 0.000 | 10.385 | Variance is largely due to software systems under development for two separate resource allocation and management systems for the |

| Financial asset, non-financial asset and liability categories | Balance as at 31 Dec 2010 \$m | Balance as at 30 June 2011 \$m | Explanation for any variances greater than ±10 per cent |
|---|-------------------------------|--------------------------------|---|
| | | | earth resources and fishing industries. |
| Prepayments | 1.777 | 1.026 | Variance is largely due to the payment of insurance premiums in the previous period and a reduction in Workcover premium, offset by salary and asset prepayments. |
| Liabilities | | | |
| Payables | 87.940 | 113.309 | Variance is due to invoices unpaid at 30 June 2011. |
| Borrowings | 72.696 | 71.329 | Not Applicable - Variance not greater than ±10 per cent. |
| Provisions | 62.399 | 65.086 | Not Applicable - Variance not greater than ±10 per cent. |
| Deposits repayable | 0.565 | 1.339 | Variance is due to the collection of rehabilitation bonds from mining entities undertaking mining activities on Crown Land. |
| Unearned income | 3.045 | 3.467 | Variance is mainly attributable to the collection of recreational fishing licence fees. |

Question 19

This question does not apply to your department.

Question 20

Please identify all asset projects where the construction completion date (including the commissioning phase) was revised in 2009-10 or 2010-11, providing:

- the original and revised completion dates for each project;
- when the change to the completion date was approved; and
- specific reasons for any revision to completion dates.

DPI Response

| Project | Original completion date | Revised completion date | When change to completion date was approved (month and year) | Explanation for revision |
|--|--------------------------|-------------------------|--|---|
| Fish Production Facility – Development (Snobs Creek) | 2008-09 | 2010-11 | June 2009 | The project completion date was revised, as a result of a 'review and exploration of options for improvement to the project' paper undertaken, which delayed the implementation phase of the project. |
| Replacement of Fisheries Catch and Effort Data and Information System - System | 2008-09 | 2011-12 | June 2011 | The project completion date was revised due to: <ul style="list-style-type: none"> a need to align project specifications to the Victorian Government's |

| Project | Original completion date | Revised completion date | When change to completion date was approved (month and year) | Explanation for revision |
|-------------------------|--------------------------|-------------------------|--|---|
| replacement (Melbourne) | | | | Efficient Technology Services program; and <ul style="list-style-type: none"> • delays in procuring information and communication technology infrastructure. |

SECTION C: Revenue and revenue foregone

Question 21

For 2009-10 and 2010-11, please explain and detail the impact of any variances greater than ± 10 per cent in any revenue/income category detailed in your agency's operating statement in its annual report **and** the total revenue/income for the year compared to:

- (a) the initial budget for the year; and
- (b) the actual for the prior year.

DPI Response

Revenue in 2009-10:

| Revenue category | 2008-09 Actual \$'million | 2009-10 Budget \$'million | 2009-10 Actual \$'million | Explanations for variances greater than ± 10 per cent | Impact of variances |
|----------------------------|---------------------------|---------------------------|---------------------------|--|--|
| Output appropriations | 519.355 | 483.801 | 501.718 | (a) Not applicable - Variance not greater than ± 10 per cent. (b) Not applicable - Variance not greater than ± 10 per cent. | (a) Not applicable. (b) Not applicable. |
| Interest | 4.405 | 1.077 | 4.008 | (a) Variance represents the State's half share in interest revenue due to the unwinding of the discount of the Showgrounds unincorporated joint venture. (b) Not applicable - Variance not greater than ± 10 per cent | (a) Recognition of the State's 50% interest in the Showgrounds unincorporated joint venture is required to recognise the State's remaining funding commitment. (b) Not applicable. |
| Sale of goods and services | 40.258 | 27.631 | 45.051 | (a) Variance relates to regulatory fees and fines (\$11m actual) which is classified as 'Sale of goods and services' in DPI's operating statement (Annual Financial Statement - AFS) but as 'Other income' in the State Budget Papers. Income from external research projects also increased from budget expectations as a result of new external research projects. (b) Movement is largely a result of new external research projects for Geoscience Australia and services provided for Nippon Steel Engineering's Gasification Technology. | (a) As a result of accounting classification differences, revenue is recognised differently between DPI's AFS and the State Budget Papers. Increased external research revenue has had a corresponding increase in expenditure as a result of third party agreements entered into. (b) Increased external research revenue has had a corresponding increase in expenditure as a result of third party agreements entered into. |
| Grants and other income | 0.213 | 0.000 | 0.369 | (a) Variance relates to grants received from the Department of Agriculture, Fisheries & Forestry (Commonwealth) and the | (a) Increased grant revenue has had a corresponding increase in expenditure. |

| Revenue category | 2008-09 Actual \$'million | 2009-10 Budget \$'million | 2009-10 Actual \$'million | Explanations for variances greater than ±10 per cent | Impact of variances |
|------------------|---------------------------|---------------------------|---------------------------|--|--|
| transfers | | | | <p>NSW Department of Primary Industries for plant protection related projects. DPI also received grants from the Department of Treasury and Finance (DTF) for two regulatory reform projects relating to earth resources and animal welfare legislation. These grants were not anticipated during the development of the 2009-10 Budget Papers.</p> <p>(b) Variance relates to grants received from DTF for two regulatory reform projects relating to earth resources and animal welfare legislation.</p> | (b) Increased grant revenue has had a corresponding increase in expenditure. |
| Other income | 0.099 | 10.046 | 0.047 | <p>(a) See comment from Sale of goods and services part (a) above.</p> <p>(b) Variance largely represents lower residential departmental housing rent income.</p> | <p>(a) As a result of accounting classification differences, revenue is recognised differently between DPI's AFS and the State Budget Papers.</p> <p>(b) No material impact.</p> |

Revenue in 2010-11:

| Revenue category | 2009-10 Actual \$'million | 2010-11 Budget \$'million | 2010-11 Actual \$'million | Explanations for variances greater than ±10 per cent | Impact of variances |
|----------------------------|---------------------------|---------------------------|---------------------------|---|--|
| Output appropriations | 501.718 | 467.875 | 499.981 | <p>(a) Not applicable - Variance not greater than ±10 per cent.</p> <p>(b) Not applicable - Variance not greater than ±10 per cent.</p> | <p>(a) Not applicable.</p> <p>(b) Not applicable.</p> |
| Interest | 4.008 | 1.104 | 3.945 | <p>(a) Variance primarily relates to the State's half share recognition of the interest revenue from the unwinding of discount in the Showgrounds unincorporated joint venture.</p> <p>(b) Not applicable - Variance not greater than ±10 per cent</p> | <p>(a) Recognition of the State's 50% interest in the Showgrounds unincorporated joint venture is required to recognise the State's remaining funding commitment.</p> <p>(b) Not applicable.</p> |
| Sale of goods and services | 45.051 | 30.880 | 36.931 | <p>(a) Variance relates primarily to the difference in account classification between revenue categories in DPI's operating statement (AFS) and the State Budget Papers.</p> <p>(b) Movement is primarily due to reduced receipts in 2010-11 from Geoscience Australia and the Department of Business</p> | <p>(a) As a result of accounting classification differences, revenue is recognised differently between DPI's AFS and the State Budget Papers.</p> <p>(b) No impact as receipts provided by Geoscience Australia and DBI were for fixed-term projects</p> |

| Revenue category | 2009-10 Actual \$'million | 2010-11 Budget \$'million | 2010-11 Actual \$'million | Explanations for variances greater than ± 10 per cent | Impact of variances |
|-----------------------------------|---------------------------|---------------------------|---------------------------|---|--|
| | | | | and Innovation (DBI) for their contribution to support a pre-feasibility study. | only required in 2009-10. |
| Grants and other income transfers | 0.369 | 0.000 | 0.028 | <p>(a) Variance represents grant income from Department of Education & Early Childhood Development for the Strategic Partnerships program.</p> <p>(b) Variance relates primarily to one-off grants received in 2009-10 from Department of Agriculture, Fisheries & Forestry and NSW Department of Primary Industries for plant protection related projects and grants from DTF for two regulatory reform projects relating to earth resources and animal welfare legislation.</p> | <p>(a) Increased grant revenue has a corresponding increase in expenditure levels.</p> <p>(b) Lower grant revenue has a corresponding decrease in expenditure levels.</p> |
| Other income | 0.047 | 10.049 | 0.037 | <p>(a) Variance primarily represents a difference in account classification between revenue categories in DPI's operating statement (AFS) and the State Budget Papers.</p> <p>(b) Variance represents lower residential housing rent income.</p> | <p>(a) As a result of accounting classification differences, revenue is recognised differently between DPI's AFS and the State Budget Papers.</p> <p>(b) No material impact.</p> |

Question 22

For each of the income from transactions categories listed by your agency in its comprehensive operating statement in its annual report (e.g. output appropriations, grants, sales of goods and services), please break the income for 2010-11 down into the first six months and second six months of the financial year and explain any variations greater than ± 10 per cent between the two six-month amounts:

DPI Response

| Income from transactions | Income 1/7/2010-31/12/2010 \$'million | Income 1/1/2011-30/6/2011 \$'million | Explanation for any variations greater than ± 10 per cent |
|-----------------------------------|--|---|--|
| Output appropriations | 215.940 | 284.042 | Variation relates primarily to greater demand for the Exceptional Circumstances Interest Rate Subsidy program in the second half of 2010-11, as a result of the closure of all exceptional circumstances declarations in Victoria announced in March and April 2011. In addition, some projects placed a greater cash flow demand in the second half of 2010-11. These projects included the Locusts Plague Emergency Response, Forestry Review, Modernising Farm Services and Science Assets, Powerline Bushfire Reduction Research and Trials, Energy Technology Innovation Strategy projects and the VicForests' Fire and Salvage Program. |
| Interest | 0.479 | 3.466 | Variance is a result of the recognition of the Department's half share in interest revenue from the unwinding of discount in the Showgrounds unincorporated joint venture. This is only recognised at the end of financial year. |
| Sale of goods and services | 13.964 | 22.967 | Variance relates predominantly to the timing of receipts for the provision of goods and services to external research programs and the seasonal nature of the recreational fishing licence program. |
| Grants and other income transfers | 0.00 | 0.03 | Not applicable: Variance not greater than ± 10 per cent. |
| Other income | 0.02 | 0.02 | Not applicable: Variance not greater than ± 10 per cent. |

Question 23

Please provide an itemised schedule of any concessions and subsidies (revenue foregone) (see the Explanatory Memorandum for a definition of concessions and subsidies) provided by your organisation in 2009-10 and 2010-11. For each item, please:

- (a) describe the purpose of the concession/subsidy;
- (b) explain any variations greater than ± 10 per cent between the actual expenditure and the initial budget for the year;
- (c) explain any variations greater than ± 10 per cent between the actual expenditure and the actual for the prior year;
- (d) indicate the number of concessions/subsidies granted in each category; and
- (e) explain whether the outcomes expected to be achieved by granting these concessions or providing these subsidies have been achieved.
- (f) Please also detail all new concessions/subsidies provided in 2010-11 by your agency that were announced after the change of government in 2010, their impact on your agency and the social outcomes achieved to date:

DPI Response

Not applicable - No revenue forgone in 2009-10 or 2010-11 (concessions or subsidies).

Question 24 (Department of Treasury and Finance only)

This question does not apply to your department.

SECTION D: Expenditure

Question 25

For 2009-10 and 2010-11, please explain and detail the impact of any variances greater than ± 10 per cent in any expense category detailed in the agency's operating statement in its annual report **and** the total expenditure for the year compared to:

- (a) the initial budget for the year; and
- (b) the actual for the prior year.

DPI's Response

Expenditure in 2009-10:

| Expenditure category | 2008-09 Actual \$'million | 2009-10 Budget \$'million | 2009-10 Actual \$'million | Explanations for variances greater than ± 10 per cent | Impact of variances |
|------------------------------------|---------------------------|---------------------------|---------------------------|---|---|
| Employee benefits | 193.198 | 185.095 | 197.946 | (a) Not applicable: Variance not greater than ± 10 per cent. (b) Not applicable: Variance not greater than ± 10 per cent. | (a) Not applicable. (b) Not applicable. |
| Depreciation and amortisation | 21.679 | 22.529 | 22.987 | (a) Not applicable: Variance not greater than ± 10 per cent. (b) Not applicable: Variance not greater than ± 10 per cent. | (a) Not applicable. (b) Not applicable. |
| Interest expense | 6.808 | 0.000 | 7.827 | (a) Variance relates primarily to the unwinding of discount on the Showgrounds joint venture payable. This variance is not budgeted due to the variables in forecasting the final result of the joint venture operations. (b) Movement largely represents the unwinding of discount on the Showgrounds joint venture payable. | (a) & (b) Recognition of the State's 50% interest in the Showgrounds unincorporated joint venture is required to recognise the State's remaining funding commitment. |
| Grants and other transfer payments | 175.472 | 110.581 | 144.741 | (a) Variance relates to greater grant expenditure incurred on items requiring budget supplementation during 2009-10. Examples include the exceptional circumstances interest rate subsidy program, farming family shire rate assistance, a range of drought related projects and Brown Coal Innovation Australia. (b) Decrease primarily relates to reduced State and Commonwealth contributions towards the exceptional circumstances interest rate subsidy program and other | (a) Those unanticipated budget requirements were approved to be funded through Treasurer's Advances. (b) Lower demand on exceptional circumstances interest rate subsidy program has resulted in lowered State and Commonwealth contributions at 10% and 90% respectively. |

| Expenditure category | 2008-09 Actual \$'million | 2009-10 Budget \$'million | 2009-10 Actual \$'million | Explanations for variances greater than ±10 per cent | Impact of variances |
|--------------------------|---------------------------|---------------------------|---------------------------|--|---|
| | | | | drought grant assistance programs, as a result of reduced demand due to improved grant conditions. | |
| Capital asset charge | 15.924 | 19.960 | 17.160 | (a) Variance to relates to a change in the capital asset charge requirement for the Biosciences Research Centre project as its cash flows were realigned to reflect the shift in delivery methodology from one of design and construct to a Partnerships Victoria delivery methodology. (b) Not applicable: Variance not greater than ±10 per cent | (a) The change in delivery methodology has resulted in the change in capital asset charge to align with the capital expenditure from 2009-10 and future years. (b) Not applicable. |
| Other operating expenses | 155.064 | 185.859 | 170.658 | (a) Not applicable: Variance not greater than ±10 per cent (b) Increase is largely due to operating costs incurred to meet deliverables for new initiatives, including Future Energy, CarbonNet, Resource Rights Allocation and Management Capability, Brown Coal Innovation Australia and 2D Seismic of the Southern Flanks, and Offshore Gippsland Basin. | (a) Not applicable. (b) Higher operating expenses are funded by a corresponding increase in funding. |

Expenditure in 2010-11:

| Expenditure category | 2009-10 Actual \$'million | 2010-11 Budget \$'million | 2010-11 Actual \$'million | Explanations for variances greater than ±10 per cent | Impact of variances |
|-------------------------------|---------------------------|---------------------------|---------------------------|---|---|
| Employee benefits | 197.946 | 188.268 | 207.797 | (a) Greater than forecasted expenditure on employee benefits relates predominantly to the redirection of resources towards locust response activities. (b) Not applicable: Variance not greater than ±10 per cent. | (a) Redirection of resources to locust response resulted in delays in the Department's deliverables. As a result, carryovers were required to meet these existing deliverables in 2011-12. (b) Not applicable. |
| Depreciation and amortisation | 22.987 | 22.047 | 25.195 | (a) Variance relates to the greater number of fleet vehicles under finance lease. (b) Variance is driven by an increase in plant and equipment, primarily a result of scientific equipment purchase for the Biosciences Research Centre project. | (a) The fleet trust fund reported an operating surplus and therefore the increase does not pose a financial pressure for the Department. (b) Increase in depreciation expense for the Biosciences Research Centre project is funded by a corresponding increase in appropriation |

| Expenditure category | 2009-10 Actual \$'million | 2010-11 Budget \$'million | 2010-11 Actual \$'million | Explanations for variances greater than ±10 per cent | Impact of variances |
|------------------------------------|---------------------------|---------------------------|---------------------------|--|---|
| | | | | | funding. |
| Interest expense | 7.827 | 0.000 | 7.022 | (a) Variance relates primarily to the unwinding of discount on the Showgrounds joint venture payable. This variance is not budgeted due to the variables in forecasting the final result of the joint venture operations. (b) Not applicable: Variance not greater than ±10 per cent. | (a) Recognition of the State's 50% interest in the Showgrounds unincorporated joint venture is required to recognise the State's remaining funding commitment. (b) Not applicable. |
| Grants and other transfer payments | 144.741 | 91.077 | 118.201 | (a) Variance is primarily due to grant payments under the Energy Technology Innovation Strategy program, exceptional circumstances interest rate subsidy as the program will close by the end of financial year, locust emergency response chemical purchase and rebate costs, Victoria's contributions towards national biosecurity cost sharing arrangements and payments of Cooperative Research Centre grants to Dairy Futures Ltd. (b) Movement is mainly due to the reduction in the number of drought-affected areas in Victoria declared as areas of exceptional circumstances. This reduction is offset by greater than 2009-10 grant payments for the Energy Technology Innovation Strategy program and the grant expense relating to the Locust Insecticide Rebate Scheme. | (a) Some of these grant payments required funding supplementation such as locusts, biosecurity cost sharing arrangements and exceptional circumstances interest rate subsidy. (b) Reduction in drought related grant payments indicates the reduction in the drought severity, whilst the increase in energy related grant payments indicates investment towards developing new clean energy technologies. |
| Capital asset charge | 17.160 | 17.874 | 17.874 | (a) Not applicable: Variance not greater than ±10 per cent. (b) Not applicable: Variance not greater than ±10 per cent. | (a) Not applicable. (b) Not applicable. |
| Other operating expenses | 170.658 | 191.664 | 167.311 | (a) Variance primarily relates to the decrease in general departmental operating expenditure as resources were redirected to various emergency management (primarily locusts) during the year. Lower research payments to recipients due to commercial delays and contract finalisation for Energy projects has also contributed to the variance. (b) Not applicable: Variance not greater than ±10 per cent. | (a) Redirection of resources to the emergency response effort has resulted in delays in the Department's normal deliverables. As a result, carryovers were required to meet these existing deliverables in 2011-12. (b) Not applicable. |

Question 26

For each of the expenses from transactions categories listed by your agency in its comprehensive operating statement in its annual report (e.g. employee expenses, grants, depreciation and amortisation), please break the expense for 2010-11 down into the first six months and second six months of the financial year and explain any variations greater than ± 10 per cent between the two six-month amounts:

DPI Response

| Expenses from transactions | Expenses 1/7/10 - 31/12/10 \$'million | Expenses 1/1/11 - 30/6/11 \$'million | Explanation for any variations greater than ± 10 per cent |
|------------------------------------|---|--|---|
| Employee benefits | 104.818 | 102.979 | Not applicable: Variance not greater than ± 10 per cent. |
| Depreciation and amortisation | 12.317 | 12.878 | Not applicable: Variance not greater than ± 10 per cent. |
| Interest expense | 0.539 | 6.483 | Variance is a result of the recognition of the Department's half share in interest revenue from the unwinding of discount in the Showgrounds unincorporated joint venture. This is only recognised at the end of financial year. |
| Grants and other transfer payments | 42.333 | 75.868 | Variation relates primarily to demand for the exceptional circumstances interest rate subsidy program as the program was winding to a close in 2010-11. |
| Capital asset charge | 8.937 | 8.937 | Not applicable: Variance not greater than ± 10 per cent |
| Other operating expenses | 65.567 | 101.744 | Variance relates primarily to the recognition of the Department's half share in expenses and interests in the Showgrounds unincorporated joint venture. In addition, some projects put a greater cash flow demand in the later half of the financial year. These projects include biosecurity emergency responses and the Modernising Farm Services and Science Assets project. |

Question 27

Please provide details of any evaluations of grants programs that were conducted by your agency in 2009-10 or 2010-11, including any findings about:

- (a) the outcomes achieved by the programs; or
- (b) the effectiveness of grants at achieving planned outcomes compared to other modes of service delivery.

DPI Response

| Grant program | Evaluation conducted | Outcomes achieved | Effectiveness as a mode of service delivery |
|--|---|--|--|
| On Farm Productivity Improvement Grant | Evaluation of the On Farm Productivity Improvement Grant was undertaken by <i>Evolving Ways</i> | 5,667 applications were received. Of these, 4,391 (77%) were successful, a small number were | The design of the grant program was effective because it was well targeted, defensible criteria were used and co-contribution was a requirement. |

| Grant program | Evaluation conducted | Outcomes achieved | Effectiveness as a mode of service delivery |
|---|---|--|---|
| | in June 2010. | withdrawn (2%), and 1,211 (21%) were unsuccessful. | <p>The evaluation showed that:</p> <ul style="list-style-type: none"> • almost all farmers that received the grant could identify early productivity gains; • many farmers reported being less stressed as a result of the grant; • efficiencies gained from the infrastructure have saved time and physical effort; • the grant provided capacity to bring forward plans that had long been delayed; • the grant encouraged farmers to invest in larger systems or higher quality infrastructure that farmers otherwise would have done; and • there was a stimulus to local economies as farmers purchased locally. |
| <p>Rediscover Victoria – Included as part of this geoscience program was a targeted drilling grants initiative designed to encourage exploration in areas of the State where little or no exploration had taken place.</p> | <p>An independent review by <i>The Allen Consulting Group</i> was conducted into the Rediscover Victoria initiative as part of a broader Review of Victoria's Earth Resources' Programs. The Final Report was submitted in August 2011.</p> | <p>The program leveraged private sector exploration expenditure with grants awarded totalling \$1.4 million (in 3 rounds), generating in excess of \$6 million in drilling and associated private exploration expenditure.</p> <p>Companies receiving grants produced 10 drilling reports that were made available to the public, adding to the State's geological database.</p> <p>The program did encourage some new drilling across the State but the level of funds were unable to encourage a significant sustained increase in the level of greenfields exploration in Victoria.</p> <p>Note: information generated through this program may still prove useful for future exploration programs in Victoria.</p> | <p>There were no significant failures in the management and delivery of the Rediscover Victoria targeted drilling program, however some companies believed that for the modest amount of grants provided, the administration and compliance costs were burdensome and significantly negated the value of the grant.</p> <p>The Global Financial Crisis led to the forfeiture of some grants, due to exploration companies who received the drilling grants being unable to raise the necessary finance to complete exploration activities. However Rediscover Victoria drilling grant recipients demonstrated an increase in exploration expenditure during 2007-08, when other companies experienced a marked decline in exploration.</p> <p>The Allen report does not support a continuation of the current Rediscover Victoria drilling program but highlights targeted programs that facilitate the discovery of earth resources through a smaller number of larger grants may provide a greater incentive to the sector.</p> |

Question 28 (departments only)

(a) Please provide the following details about the realisation of efficiency and savings targets in 2009-10 and 2010-11:

DPI Response**Savings realised in 2009-10:**

| Budget | Total value of efficiencies/savings expected to be realised in 2009-10 from initiatives released in that budget \$'million | Actual value of efficiencies/savings achieved from those initiatives \$'million | Explanation for any variations greater than ±10 per cent \$'million |
|---------|--|---|---|
| 2006-07 | 0.488 | 0.488 | N/A |
| 2007-08 | 10.369 | 10.369 | N/A |
| 2008-09 | 8.320 | 8.320 | N/A |
| 2009-10 | 3.000 | 3.000 | N/A |
| 2010-11 | N/A | N/A | N/A |
| Other | N/A | N/A | N/A |

Savings realised in 2010-11:

| Budget | Total value of efficiencies/savings expected to be realised in 2010-11 from initiatives released in that budget | Actual value of efficiencies/savings achieved from those initiatives | Explanation for any variations greater than ±10 per cent |
|---------|---|--|--|
| 2007-08 | 12.384 | 12.384 | N/A |
| 2008-09 | 8.320 | 8.320 | N/A |
| 2009-10 | 4.500 | 4.500 | N/A |
| 2010-11 | 4.000 | 4.000 | N/A |
| 2011-12 | 3.100 | 3.100 | N/A |
| Other | N/A | N/A | N/A |

(b) If any savings targets differ from what was initially indicated in the budget papers, please provide details.

DPI Response

Not Applicable.

Question 29 (departments only)

- (a) Please outline the Department's expenditure in 2008-09, 2009-10 and 2010-11 and the savings achieved in 2010-11 for these areas targeted in the Government's election commitment savings:

DPI Response

| Category | Actual expenditure | | | 2010-11 savings target \$'million | 2010-11 actual savings \$'million | Explanation for variations between 2010-11 savings target and actual savings greater than ±10 per cent |
|-------------------------------|--------------------|--------------------|--------------------|-----------------------------------|-----------------------------------|--|
| | 2008-09 \$'million | 2009-10 \$'million | 2010-11 \$'million | | | |
| Ministerial staff | 0.025 | 0.066 | 0.012 | 0.000 | 0.000 | |
| Media and marketing positions | 3.567 | 3.994 | 2.199 | 0.250 | 0.250 | |
| Consultants | 0.731 | 1.048 | 0.519 | 0.390 | 0.390 | |
| Government advertising | 2.202 | 1.850 | 2.308 | 0.380 | 0.000 | No savings were achieved in this category, as funding for Government advertising is allocated on a case by case basis for fixed term initiatives. DPI advertising campaigns are usually related to emergency response and occasionally to projects. Recent examples include Plague Locusts, Equine Influenza, bushfire recovery, drought and fruit fly. As a result, savings were found elsewhere in the department. |
| Political opinion polling | 0.000 | 0.000 | 0.000 | 0.010 | 0.000 | DPI does not have any expenditure against Political opinion polling. Savings were found elsewhere within the department. |
| External legal advice | 2.888 | 1.818 | 1.498 | 0.150 | 0.150 | |
| Senior public service travel | 1.524 | 1.355 | 0.983 | 0.010 | 0.010 | |
| Government office floor space | 5.150 | 5.551 | 6.028 | 0.000 | 0.000 | |
| Supplies and consumables | 117.472 | 130.175 | 128.143 | 1.130 | 2.140 | Savings balance applied to Supplies and Consumables. |
| Shared services | 13.723 | 18.084 | 18.070 | 0.190 | 0.190 | Level of savings in negotiation with DTF GSG. |
| Head office staff | N/A | N/A | N/A | 0.620 | 0.000 | Head Office expenditure unable to be split in General Ledger. |
| Total | 147.282 | 163.941 | 159.760 | 3.130 | 3.130 | |

- (b) If details are not available for any of these categories, please advise:
- (i) why details are not available; and
 - (ii) what measures the Department has in place to monitor its achievement of the Government's election commitment savings targets.

DPI Response (i)

Details were not provided for the 'Head office staff' category as DPI's current financial system does not have the capability to split salary costs based on head office categorisation.

DPI Response (ii)

The application of savings were considered against DPI's strategic priorities, as part of the department's cyclical internal budget processes. In addition, DPI has a cost efficiency program which investigates cost management across the department. The progress of savings and potential opportunities for cost reduction are monitored on a regular basis.

- (c) If the total savings target for 2010-11 for the Department differs from the figure in the budget papers (\$3.1 million), please explain why:

DPI Response

Not Applicable.

Question 30 (departments only)

Please detail any impacts on the Department's service delivery of the election commitment savings, e.g. changes to the timing and scope of specific programs or discontinued programs.

DPI Response

Election commitment savings relate to general efficiencies sought across the department. Implementation of these commitments to date has had no direct impact on service delivery.

SECTION E: Public sector workforce

Question 31

Please detail the total full-time equivalent number of staff as at 30 June 2009, 30 June 2010, 31 December 2010 and 30 June 2011, and explain any significant variations (greater than ± 10 per cent) from one date to the next in the following tables:

DPI Response

Numbers in 2009 and 2010:

| Total FTE* 30 June 2009 | Total FTE* 30 June 2010 | Explanation for any variations greater than ± 10 per cent |
|----------------------------|----------------------------|---|
| 2333.6 | 2336.9 | N/A: Variance not greater than ± 10 per cent. |

Numbers in 2010:

| Total FTE* 30 June 2010 | Total FTE* 31 December 2010 | Explanation for any variations greater than ± 10 per cent |
|----------------------------|--------------------------------|---|
| 2336.9 | 2333.1 | N/A: Variance not greater than ± 10 per cent. |

Numbers in 2010 and 2011:

| Total FTE* 31 December 2010 | Total FTE* 30 June 2011 | Explanation for any variations greater than ± 10 per cent |
|--------------------------------|----------------------------|---|
| 2333.1 | 2238.2 | N/A: Variance not greater than ± 10 per cent. |

**Note: This figures do not include staff on leave without pay.*

Question 32

In the tables below, please detail the salary costs for 2008-09, 2009-10 and 2010-11, broken down by ongoing, fixed-term and casual and explain any variations greater than 10 per cent between the years for each category.

DPI Response

Costs in 2009-10:

| Employment category | Gross salary 2008-09 \$'million | Gross salary 2009-10 \$'million | Explanation for any variations greater than ± 10 per cent |
|---------------------|------------------------------------|------------------------------------|---|
| Ongoing | 169.743 | 172.519 | N/A: Variance not greater than ± 10 per cent. |
| Fixed-term | 25.716 | 27.484 | N/A: Variance not greater than ± 10 per cent. |
| Casual | 1.722 | 1.732 | N/A: Variance not greater than ± 10 per cent. |
| Total | 197.181 | 201.735 | N/A: Variance not greater than ± 10 per cent. |

Costs in 2010-11:

| Employment category | Gross salary 2009-10 \$'million | Gross salary 2010-11 \$'million | Explanation for any variations greater than ± 10 per cent |
|---------------------|------------------------------------|------------------------------------|---|
| Ongoing | 172.519 | 182.617 | N/A: Variance not greater than ± 10 per cent. |
| Fixed-term | 27.484 | 31.848 | Variance is mainly attributable to overtime costs relating to the Department's emergency response activities during 2010-11 (Locusts, Queensland Fruit Fly, Chestnut Blight). |
| Casual | 1.732 | 1.769 | N/A: Variance not greater than ± 10 per cent. |
| Total | 201.735 | 216.234 | N/A: Variance not greater than ± 10 per cent. |

For each of the employment categories, please break the expense for 2010-11 down into the first six months and second six months of the financial year and explain any variations greater than ± 10 per cent between the two six-month amounts:

DPI Response

| Employment category | Gross salary 1/7/10 - 31/12/10 \$'million | Gross salary 1/1/11 - 30/6/11 \$'million | Explanation for any variations greater than ± 10 per cent |
|---------------------|---|--|--|
| Ongoing | 96.677 | 85.940 | Variance is due to 14 pays in first half of year and 13 pays in second half. |
| Fixed-term | 15.801 | 16.047 | N/A: Variance not greater than ± 10 per cent. |
| Casual | 0.889 | 0.880 | N/A: Variance not greater than ± 10 per cent. |
| Total | 113.367 | 102.867 | See comment above for Ongoing staff. |

Question 33

- (a) For what roles within your organisation were contractors or contract staff used in 2009-10 and 2010-11 (refer to Explanatory Memorandum for definition of contractors)?

DPI Response

DPI uses contractors and contract staff for:

- Specialist roles, particularly project based positions, as it allows for time based engagement (i.e. recruiting a specialist at market rate and releasing them at the completion of the project);
- Short term assignments to backfill for fixed term or ongoing roles during which time a thorough recruitment process can be undertaken to hire a fixed term or ongoing replacement;
- Providers of general type services within DPI facilities such as gardeners, tradespeople, laboratory assistants and cleaners; and
- Specialist professional services such as general consultancy, engineers, geotechnical specialists, legal, audit and organisational development providers.

- (b) Please itemise the services delivered by contractors or contract staff in 2009-10 and 2010-11:

DPI Response

Contractors/contract staff in 2009-10:

| Service category | Number of contractors/contract staff | Value of services \$'million |
|--------------------------|--------------------------------------|------------------------------|
| Agency Labour Hire Staff | See note below* | 13.487 |
| Contract Services | See note below* | 47.356 |

Contractors/contract staff from 1 July to 31 December 2010:

| Service category | Number of contractors/contract staff | Value of services \$'million |
|--------------------------|--------------------------------------|------------------------------|
| Agency Labour Hire Staff | See note below* | 6.162 |
| Contract Services | See note below* | 13.370 |

Contractors/contract staff from 1 January to 30 June 2011:

| Service category | Number of contractors/contract staff | Value of services \$'million |
|--------------------------|--------------------------------------|------------------------------|
| Agency Labour Hire Staff | See note below* | 8.652 |
| Contract Services | See note below* | 31.320 |

*Note: DPI is only able to provide summary totals for contractors/contract staff. DPI's current financial system does not have the functionality to record individual contract staff engagements.

- (c) For each specific contractor or contract staff paid in excess of \$100,000 per annum that has been engaged by your organisation during 2009-10 or 2010-11, please supply the following details:

DPI Response

Contractors/contract staff in 2009-10:

| Supplier | Purpose | Value of services (\$) | Number of contractors/contract staff (FTE) employed for longer than 12 months | Reasons why a VPS employee or equivalent could not undertake the work |
|------------------------------------|---|------------------------|---|---|
| BioInsight Pty Ltd | Supply and Commission of Plant Growth Chambers | \$262,988.00 | See note below* | Sole Supplier |
| Sinclair Knight Merz | Services to Prepare a Report on The Renewable Energy Potential For Victoria | \$110,000.00 | See note below* | External capability /expertise required |
| WasteFlex Pty Ltd | Purchase of Waste Disposal Services For Gippsland | \$100,488.00 | See note below* | External capability /expertise required |
| Academy Services Pty Ltd | Purchase of Cleaning Services for Gippsland | \$769,017.00 | See note below* | External capability /expertise required |
| Econsearch Pty Ltd | Purchase of Services Relating to an Economic Analysis of Victoria's Fisheries and Aquaculture Sectors | \$142,406.00 | See note below* | Independent expertise required |
| Resolutions Consulting Pty Ltd | Provision of DPI Employee Assistance Program | \$1,473,000.00 | See note below* | External capability /expertise required |
| Inbio Gold Pty Ltd | Supply & Commission of NIR Spectrometer | \$142,780.00 | See note below* | Sole Supplier |
| Landell Corporation | Provision of Tender Management Services for the Resource Rights Allocation & Management Program | \$339,631.24 | See note below* | External capability /expertise required |
| Strezlecki Engineering Services | Sheds for New Ellinbank Animal House and Feed Lot | \$198,770.00 | See note below* | External capability /expertise required |
| Gippsland Land Services | Provision of concrete works for the new Ellinbank animal house and feed lot | \$497,068.00 | See note below* | External capability /expertise required |
| The Allen Consulting Group Pty Ltd | Provision of Scoping Study for Earth Resources National Innovation Strategy | \$130,000.00 | See note below* | External capability /expertise required |
| Energy Contracts Pty Ltd | Purchase of Services for the Delivery of the Alcoa Memorandum of Understanding (MOU) Project | \$134,640.00 | See note below* | External capability /expertise required |
| Deloitte Touche Tohmatsu | Purchase of Enterprise Change Management Services | \$1,000,000.00 | See note below* | External capability /expertise required |
| Marks' Complete Tree Lopping | Removal of Pine Trees at DPI Werribee | \$140,000.00 | See note below* | External capability /expertise required |

| Supplier | Purpose | Value of services (\$) | Number of contractors/contract staff (FTE) employed for longer than 12 months | Reasons why a VPS employee or equivalent could not undertake the work |
|-----------------------------------|---|------------------------|---|---|
| Theiss Services Pty Ltd | Alligator Weed Eradication Works | \$1,000,000.00 | See note below* | External capability /expertise required |
| The Nous Group | Scenario Planning Support Services for the ERCD Scenario Development Project | \$146,600.00 | See note below* | External capability /expertise required |
| Qiagen Pty Ltd | Purchase of a Pyrosequencer | \$169,400.00 | See note below* | Sole Supplier |
| Energy Market Consulting Pty Ltd | Advanced Metering Infrastructure (AMI) Costs Update | \$130,000.00 | See note below* | External capability /expertise required |
| Futura Consulting | AMI Benefits Roadmap | \$132,000.00 | See note below* | External capability /expertise required |
| 3D-Geo Pty Ltd | 3D Geological Framework of the Gippsland Basin | \$836,000.00 | See note below* | External capability /expertise required |
| LECG Pty Ltd | Review of DPI Governance Structure | \$271,876.00 | See note below* | Independent expertise required |
| Australian Environmental Cleaning | Cleaning Services for DPI Queenscliff | \$331,448.96 | See note below* | External capability /expertise required |
| Carroll Nominees Pty Ltd | Fruit Fly Control Operations in North East Victoria | \$500,000.00 | See note below* | External capability /expertise required |
| Aurecon Australia Pty Ltd | Masterplan & Business Case for the DPI Metro Consolidation Strategy | \$129,111.62 | See note below* | External capability /expertise required |
| R W Beck | Purchase of Technical Assessment Panel Services – Victorian Large Scale Solar Project | \$265,000.00 | See note below* | External capability /expertise required |
| Gippsland Bulk Spreaders | Purchase of Supply & Spreading of Farm Fertilizer to DPI Ellinbank | \$150,000.00 | See note below* | External capability /expertise required |
| Vinkel Pty Ltd | Purchase of Veterinary Goods & Services to DPI Ellinbank | \$51,000.00 | See note below* | External capability /expertise required |
| Illumina Incorporated | Provision of DNA Sequencing Services | \$104,456.00 | See note below* | External capability /expertise required |
| Ross Alexander Family Trust | Provision of Investigative Drilling Services for the Longford Drilling Project | \$128,370.00 | See note below* | External capability /expertise required |
| Merrigum Landscape Services | Purchase of Services for Western PEZ Rezoning | \$250,000.00 | See note below* | External capability /expertise required |

| Supplier | Purpose | Value of services (\$) | Number of contractors/contract staff (FTE) employed for longer than 12 months | Reasons why a VPS employee or equivalent could not undertake the work |
|--------------------------------|---|-------------------------------|--|--|
| | Phylloxera Surveys 2009/2010 | | | |
| Systemic Development Institute | Capability Development - Systems Thinking | \$150,000.00 | See note below* | External capability /expertise required |
| Crow Constructions Pty Ltd | Office Fit Out at DPI Tatura | \$122,470.90 | See note below* | External capability /expertise required |
| B & D Davey Family Trust | Purchase of Professional Services to manage the Large Scale Demonstration Carbon Capture and Storage Projects under Energy Technology Innovation Strategy 2 (ETIS2) | \$270,000.00 | See note below* | External capability /expertise required |
| Illumina Incorporated | Supply & Commission of DNA Sequencing & Genotyping Platform | \$1,700,000.00 | See note below* | External capability /expertise required |
| Biolnsight Pty Ltd | Throughput Plant Growth Room | \$291,473.00 | See note below* | Sole Supplier |
| Davis Gerald | Expert Scenario Development Services for the ERDC Scenario Development Project | \$144,000.00 | See note below* | External capability /expertise required |
| McCormack Geoffrey | Advice on Regulatory Framework on National Energy Market | \$400,000.00 | See note below* | External capability /expertise required |
| PriceWaterhouseCoopers | Advice on National Energy Market Governance and Economic Regulation | \$200,000.00 | See note below* | External capability /expertise required |
| Thermo Fisher Pty Ltd | Supply & Commission of Mass Spectrometry and Separation Sciences Capability | \$6,892,629.69 | See note below* | Sole Supplier |

Contractors/contract staff in 2010-11:

The table below does not differentiate between contractors/contract staff engaged in the first six months in 2010-11 (1 Jul – 31 Dec 2010) and those engaged in the second half of 2010-11 (1 Jun – 30 Jun 2011), as per PAEC's original request. This is because many programs/projects span both reporting periods and are paid in instalments.

| Supplier | Purpose | Value of services (\$) | Number of contractors/contract staff (FTE) employed for longer than 12 months | Reasons why a VPS employee or equivalent could not undertake the work |
|----------------------------------|---|------------------------|---|---|
| Labware Australia Pty Ltd | Software Upgrade for Laboratory Information Management System | \$295,000.00 | See note below* | Sole supplier |
| Deloitte Touche Tomhatsu | AMI Customer Impact Study | \$766,977.00 | See note below* | External capability /expertise required |
| Cosign Pty Ltd | Technical Services for Collection, Preparation & Distribution of Lamb Meat Samples | \$250,000.00 | See note below* | External capability /expertise required |
| Sensory Solutions Pty Ltd | Technical Services for Evaluation of Consumer Acceptance of Cooked Lamb Meat | \$350,000.00 | See note below* | External capability /expertise required |
| Workware Solutions Pty Ltd | DPI Career Transition & Support Program | \$1,500,000.00 | See note below* | External capability /expertise required |
| ACIL Tasman | Review of ETIS | \$318,380.56 | See note below* | External capability /expertise required |
| BDA Group Pty Ltd | Purchase of Consultancy for Management of Declared Noxious Weeds & Rabbits on Roadsides | \$118,900.00 | See note below* | External capability /expertise required |
| Frontier Economics | Cost-Benefit Analysis of the 2010 Locust Response Program in Victoria | \$112,660.00 | See note below* | External capability /expertise required |
| ACIL Tasman | Purchase of Modelling Advice for HRL Dual Gas Project | \$220,000.00 | See note below* | External capability /expertise required |
| KPMG | Purchase of Commercial Advice for HRL Dual Gas Project | \$550,000.00 | See note below* | External capability /expertise required |
| Ernst and Young | Advice on Commercial Issues - Victorian Large Scale Solar Feed-In Tariff | \$148,913.00 | See note below* | External capability /expertise required |
| IMPAG Consulting Pty Ltd | AMI Program Technical Advisor | \$140,000.00 | See note below* | External capability /expertise required |
| Energy Market Consulting Pty Ltd | Purchase of Economic Modelling Services for AMI Charges | \$130,000.00 | See note below* | External capability /expertise required |

| Supplier | Purpose | Value of services (\$) | Number of contractors/contract staff (FTE) employed for longer than 12 months | Reasons why a VPS employee or equivalent could not undertake the work |
|---------------------------------|---|------------------------|---|---|
| Asure Quality Pty Ltd | Diagnostic Laboratory Services (Chemical Residues) | \$713,160.00 | See note below* | External capability /expertise required |
| Fugro Seismic Imaging Pty Ltd | Provision of Seismic Processing Services | \$462,000.00 | See note below* | External capability /expertise required |
| Ernst and Young | Provision of Internal Audit Services | \$852,822.00 | See note below* | External capability /expertise required |
| GMR Engineering Services | Provision of Site Design (Snobs Creek Native Fish Hatchery) | \$71,028.57 | See note below* | External capability /expertise required |
| The Allen Consulting Group | Future Farming Systems Research Review | \$134,760.00 | See note below* | External capability /expertise required |
| University of Western Australia | Technical Services from University of Western Australia (Mice) | \$109,980.00 | See note below* | External capability /expertise required |
| The Allen Consulting Group | Earth Resources Program Review | \$115,231.00 | See note below* | Independent expertise required |
| Deloitte Touche Tomhatsu | Brown Coal Allocation Mechanism | \$150,000.00 | See note below* | External capability /expertise required |
| Nexight Group | Facilitation of the Coal Roadmap Stakeholder Workshop | \$146,221.00 | See note below* | External capability /expertise required |
| Leco Australia Pty Ltd | Carbon & Nitrogen Analyser for DPI Werribee | \$114,589.97 | See note below* | Sole supplier |
| Spowers | Provision of Principle Consultant (Architect) Services - Attwood Redevelopment | \$1,901,680.00 | See note below* | External capability /expertise required |
| Johnstaff Projects Pty Ltd | Provision of Project Management & Quantity Surveying Services - Attwood Redevelopment | \$519,047.58 | See note below* | External capability /expertise required |
| Building Engineering Pty Ltd | Provision of Construction Services for Co-location of DPI with EPA At MacLeod | \$1,310,500.00 | See note below* | External capability /expertise required |
| Karen Milward | Exploring Indigenous Job Prospects in Victoria's Primary Industries | \$115,500.00 | See note below* | External capability /expertise required |
| WSP Lincolne Scott Pty Ltd | Provision of Electrical Engineering Services - Attwood Redevelopment | \$143,550.00 | See note below* | External capability /expertise required |
| WSP Lincolne Scott Pty Ltd | Provision of Mechanical Engineering Services - | \$213,950.00 | See note below* | External capability /expertise required |

| Supplier | Purpose | Value of services (\$) | Number of contractors/contract staff (FTE) employed for longer than 12 months | Reasons why a VPS employee or equivalent could not undertake the work |
|-------------------------------------|---|------------------------|---|---|
| | Attwood Redevelopment | | | |
| Beattie Consulting Services Pty Ltd | Livestock Farm Monitor Project (Gippsland & South West Victoria) | \$185,000.00 | See note below* | External capability /expertise required |
| Energetics Pty Ltd | Energy Saver Incentive: Certificate allocation methodologies for prescribed activities for small & medium enterprises | \$129,470.00 | See note below* | External capability /expertise required |
| Ernst and Young | Commercial Advisory Services for the CarbonNet Project (Commonwealth Submission 2011) | \$498,528.00 | See note below* | External capability /expertise required |
| RMCG & PJ & LJ Groves | Data Collection for the Victorian Dairy Industry Farm Monitor Project | \$266,448.00 | See note below* | External capability /expertise required |
| Stephen Thomson and Assocs Pty Ltd | Purchase of Transitional Project Management & Review Coordination Services | \$137,500.00 | See note below* | External capability /expertise required |
| Open Mind Research Group | Carbon Capture & Storage (CCS) Social Research in Victoria | \$120,000.00 | See note below* | External capability /expertise required |
| GYDLE Incorporated | Bioinformatic Services for Agricultural Genomics | \$148,000.00 | See note below* | External capability /expertise required |
| Currie Communications Pty Ltd | Ag in Focus Victoria Magazine | \$118,000.00 | See note below* | External capability /expertise required |
| Parsons Brinkerhoff | Transport Study for the CarbonNet Project | \$698,500.00 | See note below* | External capability /expertise required |
| Gribbles Pathology | Veterinary Laboratory Diagnostic Services | \$8,250,000.00 | See note below* | External capability /expertise required |

**Note: DPI is only able to provide summary totals for contractors/contract staff. DPI's current financial system does not have the functionality to record individual contract staff engagements.*

Question 34

- (a) For what roles within your organisation were consultants used in 2009-10 and 2010-11 (refer to Explanatory Memorandum for definition of consultants)?

DPI Response

Specialist professional consultancy services were used for one off tasks such as economic modelling, independent advice, geotechnical specialists and organisational development experts.

- (b) Please itemise the services delivered by consultants in 2009-10 and 2010-11:

DPI Response**Consultants in 2009-10:**

| Service category | Number of consultants | Value of services \$'million |
|------------------|-----------------------|------------------------------|
| Consultants | 43 | 1.693* |

Consultants in 2010-11:

| Service category | Number of consultants | Value of services \$'million |
|------------------|-----------------------|------------------------------|
| Consultants | 50 | 2.077* |

*Represents the value of consultancy agreements (GST exclusive) entered into during the year, as per DPI Annual's Report.

- (c) For each specific consultant paid in excess of \$100,000 per annum that has been engaged by your organisation during 2009-10 or 2010-11, please supply the following details:

DPI Response**Consultants in 2009-10:**

| Supplier | Purpose | Value of services (\$) | Number of consultants (FTE) employed for longer than 12 months | Reasons why a VPS employee or equivalent could not undertake the work |
|--------------------------|--|------------------------|--|---|
| Deloitte Touche Tomhatsu | Resource Rights Allocation and Management Program ICT Strategic and Operational Framework Analysis and Design Services | \$149,118 | See note below* | External capability/expertise required |
| LECG Ltd | A review of the internal structure of Agriculture and Fisheries Services | \$149,910 | See note below* | External capability/expertise required |

Consultants in 2010-11:

| Supplier | Purpose | Value of services (\$) | Number of consultants (FTE) employed for longer than 12 months | Reasons why a VPS employee or equivalent could not undertake the work |
|--------------------|---|------------------------|--|---|
| Wyld Group PTY LTD | Clean Coal and Renewable Energy RD&D | \$275,000 | See note below* | External capability/expertise required |
| Ernst and Young | Advice and Assistance with negotiations with Power Generators | \$168,000 | See note below* | External capability/expertise required |
| Acil Tasman | Advice with Energy Sector | \$145,000 | See note below* | External capability/expertise required |

| Supplier | Purpose | Value of services (\$) | Number of consultants (FTE) employed for longer than 12 months | Reasons why a VPS employee or equivalent could not undertake the work |
|------------------------------|---|------------------------|--|---|
| | Development | | | expertise required |
| Fluid Inclusion Technologies | Review of Geoscience Exploration for Carbon Capture and Storage (CCS) | \$120,000 | See note below* | External capability /expertise required |

*Note: DPI is only able to provide summary totals for contractors/contract staff. DPI's current financial system does not have the functionality to record individual contract staff engagements.

Question 35

- (a) Please break down the staff turnover ratio (total left employment during the year expressed as a percentage of total headcount) for your organisation during 2008-09, 2009-10 and 2010-11 according to the following age brackets:

DPI Response

| | 2008-09 | 2009-10 | 2010-11 |
|------------------------|---------------|---------------|---------------|
| Less than 30 years old | 23.82% | 21.49% | 23.55% |
| 30-54 years old | 12.38% | 11.51% | 10.16% |
| 55 years or older | 18.73% | 10.78% | 13.21% |
| Total | 15.13% | 12.82% | 13.08% |

- (b) Please describe the factors contributing to any variations greater than ± 10 per cent from one year to the next.

DPI Response

The variance in turnover ratio can be attributable to many external factors, such as an ageing workforce with more people leaving full time work compared with entering, increased job prospects and benefits in industry, or conversely a downturn in the job market as a result of the Global Financial Crisis. DPI has however made a concerted effort to increase retention rates; demonstrated through the launch of DPI's People Strategy 2009-11 which has a specific focus on attracting and retaining people with the right skills, in the current competitive skills market.

- (c) Please describe any strategies that are planned to be introduced to retain staff, reduce the level of voluntary staff turnover and reduce the likelihood that critical roles will become vacant in future?

DPI Response

Retaining staff, reducing voluntary turnover and managing critical resource requirements will be a priority for DPI, and will focus heavily in DPI's upcoming People Strategy for 2012-2014. Initiatives and actions planned for 2012-14 are outlined below:

Retaining staff and reducing voluntary staff turnover

The department will focus on increasing employee engagement and productivity, maintaining focus on positive workplace initiatives, and developing and delivering a new Work Health and Safety strategy that supports leaders to drive a pro-active health, safety and wellbeing culture. Specific initiatives to be undertaken by DPI include:

- A series of briefings to staff on work health and safety;
- Improving DPI systems to appropriately manage risk including a greater focus on psychological risk;
- Creating a DPI wide and divisional action plans following staff feedback from the DPI Employee Engagement Survey to be undertaken in 2012 and 2014; and
- Redesigning DPI reward and recognition initiatives including Primary Awards and Science Awards.

Reducing the likelihood that critical roles will become vacant in future

The department will focus on retaining and recruiting the right talent by implementing a new DPI Talent and Succession Strategy, developing and enhancing staff capability, and exploring options to support a more flexible approach to people utilisation. Specific initiatives to be undertaken by DPI include:

- Creating meaningful opportunities and career pathways for graduates by moving towards an integrated science and VPS program;
- Focusing on developing and retaining graduate and post graduate students by ensuring work is tailored to meet individual and organisational needs;
- Embedding the DPI Capability Framework through job based project opportunities as well as other learning and development initiatives for staff;
- Developing the capability profiles for senior and critical roles; and
- Developing a plan to identify and address critical skill shortages across DPI (e.g. Agriculture, policy, science) and in the context of the broader job economy.

Question 36

The State Services Authority (*The State of the Public Sector in Victoria 2008-09*, Chapter 4) has identified **collaboration, agility and innovation** as important to the future of the Victorian public sector. Please detail any initiatives undertaken by your organisation in 2009-10 or in 2010-11 prior to the change of government that have been designed to enhance these three qualities and what outcomes have been achieved by these initiatives:

DPI Response

| | Initiative | Outcomes |
|----------------------|--|---|
| Collaboration | <p>Culture & Practice</p> <p>DPI has fostered collaboration through partnering with industry to undertake a number of projects. Examples include:</p> <ol style="list-style-type: none"> 1. A strategic alliance between DPI and Dow AgroSciences for crop innovation; 2. The Dairy Futures Cooperative Research Centre (CRC) – a collaborative effort between DPI, Dairy Australia and La Trobe University; and 3. The AgriBio, Centre for AgriBioscience - developed in partnership with LaTrobe University. <p>Collaboration through DPI Conferences</p> <ol style="list-style-type: none"> 4. DPI conferences provide an opportunity for staff across the State to collaborate with their fellow colleagues and senior DPI leaders, in helping to set the future directions of the department. <p>Staff Development</p> <ol style="list-style-type: none"> 5. DPI considers collaboration a critical | <p>Culture & Practice</p> <p>Outcomes achieved include:</p> <ol style="list-style-type: none"> 1. A collaborative framework in crop innovation, for the development of new genetic enabling technologies for genetic improvement in key agricultural crops for food security outcomes; 2. The establishment of the national centre of excellence in dairy biosciences, to invest in large-scale research projects to deliver improved pasture and animal options, building a more resilient and profitable dairy industry; and 3. The establishment of the largest agricultural research and development organisation in the State, that will help to protect the State's agricultural sector and will strengthen Victoria's international reputation for agricultural research and diagnostics (note AgriBio still under construction). <p>Collaboration through DPI Conferences</p> <ol style="list-style-type: none"> 4. Outcomes achieved include stronger interaction and collaboration between staff, and staff acknowledgment and engagement on how their role assists the department in meeting its objectives. <p>Staff Development</p> <ol style="list-style-type: none"> 5. The DPI Capability Framework has enabled |

| | Initiative | Outcomes |
|----------------|---|--|
| | <p>workforce capability and has implemented the DPI Capability Framework to support the identification and development of critical workforce capabilities.</p> <p>6. To enhance the leadership and collaboration skills of DPI Managers, DPI has established the Building Expert People Managers Program.</p> | <p>DPI to better understand the organisation's existing capabilities as well as capability gaps for critical roles, providing DPI with a structured approach to capability development, succession management and workforce planning, so that staff can continue to support DPI in achieving its objectives.</p> <p>6. The Building Expert People Managers Program has enhanced the leadership and collaboration skills of staff, enhancing and evolving the way staff work to better achieve DPI's objectives.</p> |
| Agility | <p>DPI has enhanced the operational agility of its workforce through the implementation of the:</p> <p>DPI Capability Framework</p> <p>1. The Capability Framework has 24 core capabilities, broken down into the following categories – Integrity in Thought, Integrity in Self, Integrity with People and Integrity in Practice. The Capability Framework has been incorporated into DPI's Performance Management and Learning and Development process.</p> <p>DPI Change Framework</p> <p>2. The Change Framework provides the department with a structured approach to managing change, so that it is able to effectively transition to meet challenges faced in an evolving environment.</p> <p>Transforming corporate service delivery</p> <p>3. To improve service quality, efficiency and cost effectiveness of internal business services, a new internal shared service model was implemented in 2010.</p> <p>Resource Rights Allocation and Management (RAAM) Initiative</p> <p>4. The RRAM initiative will replace obsolete information technology systems and streamline existing business processes for the:</p> <ul style="list-style-type: none"> • protection of Victoria's recreational and commercial fishing resources for future generations; and • attraction of new investment in Victoria's earth resources and support | <p>DPI Capability Framework</p> <p>1. Outcomes achieved include enhanced clarity and consistency in describing performance expectations across the department, as well as a greater understanding of existing capability and future capability requirements, which has assisted the department in building its critical capability.</p> <p>DPI Change Framework</p> <p>2. The Change Framework has enhanced the department's ability to effectively respond to changes in its operating environment while continuing to maintain a sense of purpose and staff engagement. Results from the 2010 DPI Employee Engagement Survey has shown an overall 9.6% improvement in staff perceptions of change management.</p> <p>Transforming corporate service delivery</p> <p>3. Outcomes achieved include the development of a service catalogue. The catalogue provides the department with a streamlined approach in the provision of internal services that will support DPI service delivery.</p> <p>Resource Rights Allocation and Management (RAAM) Initiative</p> <p>4. Outcomes achieved prior to the change of government include process re-design and completion of procurement activities, so that implementation can commence.</p> |

| | Initiative | Outcomes |
|-------------------|--|--|
| | <p>for the emergence of new market opportunities including geosequestration and aquaculture.</p> <p>The project will provide increased certainty of access to allocated natural resource rights and reduce the administrative burden on the fisheries and earth resources industries.</p> | |
| Innovation | <p>DPI has fostered a culture of innovation through the implementation of the following research projects:</p> <ol style="list-style-type: none"> 1. Healthy soils research; 2. Accounting for nutrients research; and 3. EverGraze. <p>Carbon Capture Storage</p> <ol style="list-style-type: none"> 4. The Commonwealth Government's \$2.4 billion Carbon Capture Storage (CCS) Flagships program presents a unique opportunity for the State to leverage Commonwealth funding for the development and demonstration of CCS technologies i.e. the capture of CO₂ emissions from industrial processes and safe storage of CO₂ underground in stable geological formations to mitigate global warming. <p>To ensure that the State is best placed to be awarded funding under this program, DPI undertook pre-feasibility studies on 5 potential CCS demonstration projects 'CarbonNet' in the Latrobe Valley region.</p> | <p>Outcomes achieved include:</p> <ol style="list-style-type: none"> 1. Changed practices leading to less fertiliser and machinery costs, and increased productivity; 2. Significant opportunities identified to increase dairy productivity through improved fertiliser efficiency; and 3. 24% of producers in Victoria making practice changes to their businesses as a result of the EverGraze project. <p>Carbon Capture Storage</p> <ol style="list-style-type: none"> 4. DPI's CarbonNet proposal in Victoria's La Trobe Valley, was one of four projects short listed for pre-feasibility funding under the Commonwealth Government's CCS Flagships program. |

Please also supply details of initiatives designed to enhance these three qualities undertaken since the change of government in November 2010:

| | Initiative | Outcomes |
|----------------------|--|--|
| Collaboration | <p>Staff Development</p> <p>DPI has continued to foster a collaborative working environment for staff through the development and facilitation of customised collaboration and team building workshops.</p> <p>Enhancing Regional Engagement through Collaboration</p> <p>DPI conferences provide an opportunity for staff across the State to collaborate with their fellow colleagues and senior DPI leaders, in helping to set the future directions of the department.</p> | <p>Staff Development</p> <p>Outcomes achieved include an improvement in the way staff collaboratively work, in delivering DPI's objectives more efficiently and effectively.</p> <p>Enhancing Regional Engagement through Collaboration</p> <p>Outcomes achieved include greater engagement and collaboration with staff and stakeholders. Through the conferences, DPI has been able to gain a better understanding of how projects impact on the wider</p> |

| | Initiative | Outcomes |
|-------------------|--|--|
| | <p>DPI conferences for 2011 have had a strong regional focus, with this year's theme being 'enhancing regional engagement'. Conferences have been held in Traralgon, Rutherglen, Swan Hill, Geelong and Horsham.</p> <p>As part of the regional focus, local organising committees representing each of these regions have developed conference agendas tailored to the needs of the region, and staff have been encouraged to share their thoughts and feedback on how DPI can strengthen its regional focus.</p> | <p>community, and how DPI can better engage the community so that DPI services can better meet regional needs.</p> |
| Agility | <p>Workforce Agility</p> <p>DPI has continued to enhance the operational agility of DPI's workforce through:</p> <ol style="list-style-type: none"> 1. Incorporating DPI's Capability Framework into the recruitment process; as well as 2. Embedding the DPI change framework into existing work structures. <p>Transforming corporate service delivery</p> <p>DPI has continued to reform the delivery of internal business and corporate services to improve service quality, efficiency and cost effectiveness through implementation of the Service Delivery Unit (SDU).</p> | <p>Workforce Agility</p> <p>Outcomes achieved include:</p> <ol style="list-style-type: none"> 1. Enhanced clarity and consistency in describing and recruiting for critical capabilities; as well as 2. Continuing to enhance the department's ability to effectively respond to changes in its operating environment while continuing to maintain a sense of purpose and staff engagement. <p>Transforming corporate service delivery</p> <p>These services provided by the SDU support DPI's operations by enabling the day-to-day functioning of the department. By consolidating these service delivery functions, the SDU can focus on delivering services more efficiently and enhancing existing support services</p> |
| Innovation | <p>Smoke Taint in Wine</p> <p>Funding was approved through the 2011-12 Budget for the establishment of a 'Centre for Expertise - Smoke Taint in Wine'. Innovation is fostered through the various research projects to be undertaken by the centre, including decision-making models for back-burning and impacts, and chemistry research on markers and smoke 'uptake' in grapes.</p> <p>Brown Coal Innovation Australia</p> <p>Brown Coal Innovation Australia (BCIA) was established in 2009 to continue to fund and facilitates multi-million dollar investments with industry, aimed at driving innovation for low emissions coal research and development in Victoria.</p> | <p>Smoke Taint in Wine</p> <p>This initiative has helped position Victoria as a leader in smoke taint in wine research. Findings from the research program will help in minimising the impact of smoke taint in wine from prescribed burning and wildfire, and the associated significant economic loss to the grape industry.</p> <p>Brown Coal Innovation Australia</p> <p>Since the change of Government in November 2011, BCIA has announced funding for two world-class research and development projects which offer enormous potential to significantly reduce carbon emissions from brown coal power generation and create new industry and employment opportunities for Australia from low-emissions brown coal utilisation.</p> |

Question 37

Please complete the following tables showing number of executive staff and total value of bonuses paid in the 2009-10 and 2010-11 performance periods:

DPI Response**Bonuses in 2009-10:**

| Executive category | Number of staff (FTE) | | | Total value of bonuses paid (\$) |
|--|----------------------------------|---------------------------|-----------------------|----------------------------------|
| | Eligible for a performance bonus | Not awarded bonus payment | Awarded bonus payment | |
| Secretary or CEO, EO1 – Deputy, EO2 ^(a) | 17 | 6 | 11 | \$231,551 |
| EO3 | 13 | 2 | 11 | \$140,285 |
| Other Executives | 0 | 0 | 0 | \$0 |

Note (a): Combine categories to preserve confidentiality where necessary.

Bonuses in 2010-11:

| Executive category | Number of staff (FTE) | | | Total value of bonuses paid (\$) |
|--|----------------------------------|---------------------------|-----------------------|----------------------------------|
| | Eligible for a performance bonus | Not awarded bonus payment | Awarded bonus payment | |
| Secretary or CEO, EO1 – Deputy, EO2 ^(a) | 18 | 2 | 16 | \$315,058 |
| EO3 | 13 | 5 | 8 | \$108,004 |
| Other Executives | 0 | 0 | 0 | \$0 |

Note (a): Combine categories to preserve confidentiality where necessary.

Question 38

In the following table, please show for your organisation the actual range of bonuses paid (expressed as a percentage of total remuneration).

DPI Response

| Rating | Proportion of total remuneration package actually paid (expressed as a range from x% to y%) | |
|----------------------|---|----------------|
| | 2009-10 | 2010-11 |
| Exceptional | 9% to 10% | 9% to 12% |
| Superior | 5% to 8% | 3% to 8% |
| Competent | Not Applicable | Not Applicable |
| Improvement required | Not Applicable | Not Applicable |

The above format is based on the Executive Employment Handbook. If your organisation adopted another approach for awarding bonuses, please provide details.

DPI Response

Not Applicable.

SECTION F: Program outcomes

Outcomes reflect the impact on the community of the goods and services provided by a department. The questions in this section all relate to the outcomes that the Department contributed to in 2009-10 and 2010-11.

Question 39 (departments only)

For each of the following *Growing Victoria Together* outcomes for which the Department had partial or full responsibility, please indicate what was achieved by 26 November 2010 for each of the established measures:

DPI Response

| Vision | Goal | Measure | Outcome achieved in 2010 |
|------------------|---|---|--|
| Thriving economy | More quality jobs and thriving, innovative industries across Victoria | There will be more and better jobs across Victoria | Not Applicable. |
| | | Victoria's productivity and competitiveness will increase | <ul style="list-style-type: none"> • DPI's regulatory activities have helped to minimise the impact of invasive pests, plants and diseases on Victoria's primary producers. A priority for the department in 2010 was the Australian Locust Plague response, DPI locust control measures including ground and aerial spraying have resulted in the substantial mitigation of the locust plague, reducing the impacts of locusts on agricultural, environmental and social amenity assets. • DPI delivered various research, development and extension programs that have improved the productivity and competitiveness of Victoria's agriculture and fisheries sectors. Significant gains were obtained in the dairy and horticulture industries: <ul style="list-style-type: none"> • DPI research indicated that there was a potential to double the yields of wheat and canola in traditional pastoral areas of south west Victoria. • DPI in conjunction with Plant and Food Research New Zealand, developed the Booster Broccoli, which contains up to 40% more antioxidants than the regular variety. Sales of the enhanced vegetable have the potential to reach \$96 million by 2013. • DPI reviewed significant pieces of legislation and introduced a memorandum of understanding to reduce regulatory and administrative burden for Victoria's mining and extractive industries. • DPI conducted geoscience research and processed applications for drilling grants to encourage earth resources exploration and mining in Victoria. |

| Vision | Goal | Measure | Outcome achieved in 2010 |
|--------|-------------------------------------|---|---|
| | | A greater share of national business investment will be in Victoria | Not Applicable. |
| | | Victoria will increase exports to \$30 billion by 2010 | <p>DPI facilitated various engagements and provided technical advice to Victoria's primary producers and international customers to increase market access for Victoria's grain and horticulture producers. Outcomes achieved included</p> <ul style="list-style-type: none"> • DPI provided technical advice to the Australian Table Grape Association and the Commonwealth Government, and facilitated visiting Chinese delegations, to secure access to the table grape market in China. As a result, the Australian table grape industry was able to export its first container of Sunraysia crimson seedless grapes. • DPI facilitated a successful demonstration project in Thailand with the summer fruit industry, Austrade, Horticulture Australia Ltd (HAL) and a Thai retailer to capitalise on the promising market segments for Australian summer fruit exports to Malaysia, Thailand and Vietnam. The project resulted in Australia becoming the Thai retailer's leading summer fruit supplier. |
| | Growing and linking all of Victoria | Victoria's total population will reach 6 million people by 2025, and regional population growth will increase to 1.25 per cent annually by 2006 | Not Applicable. |
| | | Regional rail services will be available to more Victorians | Not Applicable. |
| | | The proportion of freight transported to and from ports by rail will increase from 10 per cent to 30 per cent by 2010 | Not Applicable. |
| | | Public transport use in Melbourne as a proportion of trips taken by motorised means will increase from 11 per cent in 2002 to 20 per cent by 2020 | Not Applicable. |

| Vision | Goal | Measure | Outcome achieved in 2010 |
|------------------------------|---|--|--|
| Quality health and education | High quality, accessible health and community services | The health of Victorians will improve | DPI, in partnership with Western District Health Service, has delivered the Sustainable Farm Families program which focuses on improving the physical and mental health of farmers and their families. |
| | | The wellbeing of young children will improve | Not Applicable. |
| | | Waiting times (emergency, elective and dental) will be reduced | Not Applicable. |
| | | Levels of confidence in health and community services will increase | Not Applicable. |
| | High quality education and training for lifelong learning | The proportion of Victorian primary students achieving the national benchmark levels for reading, writing and numeracy will be at or above the national average | Not Applicable. |
| | | By 2010, 90 per cent of young people in Victoria will successfully complete Year 12 or its educational equivalent | Not Applicable. |
| | | The level of participation in vocational education and training of adults aged 25-64 years will increase | Not Applicable. |
| Healthy environment | Protecting the environment for future generations | The health of Victoria's rivers will improve significantly by 2010. In particular, the Snowy River will be returned to 21 per cent of its original flow by 2011, and 28 per cent over time | The Centre for Aquatic Pollution Identification and Management (CAPIM) is a consortium of world class researchers from DPI, the University of Melbourne, RMIT University, Melbourne water, and the Environment Protection Authority. As part of CAPIM, DPI has undertaken work to address and develop innovative approaches to pollution detection in inland waters and estuaries. In particular, DPI has collaborated in: <ul style="list-style-type: none"> • investigating the impacts of environmental flows in estuaries on the early life history and fisheries productivity of Black Bream in the Gippsland Lakes • investigating links between nutrient inputs, ocean productivity, and larval growth and survival of Snapper. |
| | | The quality of air and drinking water will improve | Not Applicable. |

| Vision | Goal | Measure | Outcome achieved in 2010 |
|--------|------------------------------------|--|---|
| | | The extent and quality of native vegetation will increase | Not Applicable. |
| | | The condition of our land will improve as the impact of salinity and soil degradation is reduced | Not Applicable. |
| | Efficient use of natural resources | Greenhouse gas emissions from the production and use of energy will be reduced | <p>To support the uptake of low emissions energy technology in Victoria:</p> <ul style="list-style-type: none"> • The DPI administered premium solar feed-in tariff scheme for households, community organisations and small businesses, with an annual consumption of less than 100 megawatt hours, was introduced on 1 November 2009. The premium feed-in tariff encourages Victorians to reduce their individual carbon footprint, by making solar panels more economical for the average household and rewarding Victorians who feed back unused power to the state electricity grid. • DPI has developed a geothermal atlas which identifies areas of high heat flow and potential hotspots for geothermal investment. The geothermal atlas has been made available to potential investors and is designed to drive investment in geothermal energy production. • A \$50 million grant was awarded to Solar Systems (Silex) project under the Energy Technology Innovation Strategy (ETIS). Pilot facilities are currently under development and if successful, will lead to the deployment of a 100MW solar power station in Mildura. The project aims to develop the largest and most efficient solar photovoltaic power station in the world, providing enough electricity for 45,000 homes. • Five projects in the Latrobe Valley in Gippsland received \$29 million from the Carbon Capture and Storage Large Scale Demonstration Program under ETIS for pre-feasibility studies. The projects include pre-feasibility studies into the capture of carbon dioxide (CO₂) before it is combusted in a coal gasification plant, the capture of CO₂ in a conventional power station (post combustion), a CO₂ transport and geological storage project and a novel storage project involving conversion of CO₂ into a stable mineral for use in the cement or building industry. |

| Vision | Goal | Measure | Outcome achieved in 2010 |
|--------------------|---|--|--|
| | | More efficient use of water in agriculture | <p>DPI, in partnership with various agencies, has delivered a range of research and extension programs that has improved on farm water efficiency. Specific examples include:</p> <ul style="list-style-type: none"> • DPI and the Kaiteki Institute in Japan signed a memorandum of understanding to formalise research arrangements into vegetable production using water saving technologies. These technologies are expected to result in more efficient agricultural water use in the future. • Two DPI irrigation and rain fed pasture projects has helped dairy farmers to maximise the efficiency of on-farm water use and to adapt to the changing water policy environment. • DPI's Farm Water Program promoted water savings activities to irrigators in the Goulburn-Murray Irrigation District. Irrigators are now use water saving plans to aid their decision making on the amount of water savings and in matching irrigation technology to their farming system. More than 300 water saving plans were completed in 2010-11. • DPI established 12 soil moisture monitoring demonstration sites in the Goulburn Murray Irrigation District to provide farmers with examples of the commercial soil monitoring equipment available and the likely on-farm benefits. These demonstration sites have assisted farmers in making better and more informed decisions on how to integrate this technology on-farm. |
| | | Melbourne's water usage will be reduced by 15 per cent on a per capita basis from the 1990s average by 2010 | Not Applicable. |
| | | The quantity of solid waste generated will be reduced, and the amount recovered for reuse, recycling and energy generation will increase | Not Applicable. |
| Caring communities | Building friendly, confident and safe communities | Crime will be reduced by 5 per cent from 2003 to 2008, and Victorians will feel safer | Not Applicable. |

| Vision | Goal | Measure | Outcome achieved in 2010 |
|---|---|--|--|
| | | Annual deaths and serious injuries from road crashes will be reduced by 20 per cent over the period 2002 to 2007 | Not Applicable. |
| | | The extent and diversity of participation in community, cultural and recreational organisations will increase | Not Applicable. |
| | | More Victorians will be able to get help from friends, family or neighbours when they need it | Not Applicable. |
| | A fairer society that reduces disadvantage and respects diversity | Disadvantage in health, education and housing among communities will be reduced | Not Applicable. |
| | | The number of early school leavers who are unemployed after six months will decline | Not Applicable. |
| | | The prison population will not grow as quickly and re-offending will be reduced | Not Applicable. |
| | | The appreciation of diverse neighbourhoods and communities will increase | Not Applicable. |
| | Vibrant democracy | Greater public participation and more accountable government | More Victorians from all backgrounds will have the opportunity to have a say on issues that matter to them |
| There will be regular reports on progress in improving the quality of life for all Victorians and their communities | | | Not Applicable. |

| Vision | Goal | Measure | Outcome achieved in 2010 |
|--------|----------------------------|--|--------------------------|
| | Sound financial management | An annual budget surplus of at least \$100 million | Not Applicable. |
| | | A triple A credit rating will be maintained | Not Applicable. |
| | | Victoria's taxes will remain competitive with the Australian average | Not Applicable. |

Question 40

- (a) Using the format of the table below, please outline the five most important outcomes achieved by your organisation's programs/activities between 27 November 2010 and 30 June 2011 (where your organisation has been the key player) including:
- (i) what was planned;
 - (ii) what was achieved;
 - (iii) quantitative or qualitative data to demonstrate this achievement;
 - (iv) any other Victorian public sector organisations or agencies from other jurisdictions that have worked across organisational boundaries to contribute to this outcome; and
 - (v) the relationship of these outcomes to any government strategies or goals.

DPI Response

| Planned outcome to be achieved | Description of actual outcome achieved | Quantitative or qualitative data to demonstrate outcome | Other agencies involved | Relationship to major government strategy |
|---|---|--|--|---|
| 1. Commence implementation of the Government's election commitments | DPI undertook significant planning activities, including the development of implementation plans to ensure that DPI election commitments are ready to commence at the start of 2011-12 (when funding officially commences). Examples of work undertaken for election commitments include: <ul style="list-style-type: none"> • Support for Victorian Young Farmers Research is underway to improve DPI's understanding of why young people leave farming or rural life, thereby informing | Funding approved in May 2011, through the 2011-12 State Budget Process included: <ul style="list-style-type: none"> • Support for Victorian Young Farmers – \$1m over 4 years • Improving recreational | The Support for Victorian Young Farmers initiative will be jointly delivered by DPI and the Victorian Young Farmers association. | The Victorian Liberal Nationals Coalition Plan for Agriculture. |

| Planned outcome to be achieved | Description of actual outcome achieved | Quantitative or qualitative data to demonstrate outcome | Other agencies involved | Relationship to major government strategy |
|---|---|--|--|---|
| | <p>policy related to skills shortages in farming, and addressing the priorities of the government concerning young people in agriculture.</p> <p>DPI is also continuing to investigate linkages with other rural youth groups such as Victoria's Young Agribusiness Professionals and Rural Youth Tasmania, who are keen to develop a stronger alliance with Victoria.</p> <ul style="list-style-type: none"> Promoting Recreational Fishing Activities to promote recreational fishing has commenced, including consultation on piers/jetties and roads for re-opening, stocking native species and trout into selected waterways, and planning for recreational fishing reefs and fish ladders. | <p>fishing opportunities in Victoria - \$16.2m over 4 years</p> <p><i>Note: This is not an exhaustive list of the department's funded election commitments. For further information, refer to page 73 of Budget Paper No. 3, 2011-12 Service Delivery.</i></p> | <p>The Catchment Management Authority, Water authorities, Parks Victoria, Marine Safety Victoria and local councils will be assisting DPI in the delivery of the Recreational Fishing Initiative.</p> | |
| <p>2. Assisting Victorian primary producers recover from the devastating floods</p> | <p>DPI responded quickly to the 2011 flood impacts on agriculture by establishing an incident management team and DPI statewide flood recovery centre in mid-January 2011. The main objectives of this centre was to contact as many flood affected farmers as possible in order to assess urgent animal welfare and personal needs, and to estimate the impact of the emergency on agricultural productivity. DPI successfully reached more than 2,170 farmers, and attempted to contact over 3,330 landowners in flood affected areas.</p> <p>When the initial response phase finished on 15 February 2011, a flood agricultural recovery project was rolled out by DPI to assist the recovery of Victorian rural communities and farm businesses by delivering a targeted, relevant and accessible service to assist all farmers in their recovery efforts.</p> <p>The DPI recovery project included extension and capability support services to farmers and farming communities to ensure that they could readily access relevant information, experts and assistance to support recovery decisions and build resilience for the future.</p> | <p>Funding approved in May 2011, through the 2011-12 State Budget Process included:</p> <ul style="list-style-type: none"> Apprenticeship Retention Program - \$1m over 2 years Flood Response and Recovery - \$9.7 m over 2 years Health and Wellbeing - \$0.8m over 2 years <p>DPI also exceeded its 2010-11 target for the following performance measure <i>'Farmers facing significant adjustment pressures</i></p> | <p>To guide the implementation of the Lower Loddon Irrigator Recovery Package, a Flood Recovery Taskforce was set up which was chaired by DPI and included representatives from DSE, the Victorian Farmers Federation, Loddon and Gannawarra Shire Councils, Rural Finance Corporation, Goulburn-Murray Water, Northern Victoria Irrigation Renewal Project, and the North</p> | <p>Links to the <i>Assisting flood-affected families, businesses and communities</i> statement – page 6 of 2011-12 Budget Overview.</p> |

| Planned outcome to be achieved | Description of actual outcome achieved | Quantitative or qualitative data to demonstrate outcome | Other agencies involved | Relationship to major government strategy |
|---|--|--|---|--|
| | <p>DPI recovery services included:</p> <ul style="list-style-type: none"> • Advice on re-establishing rural enterprises or alternative strategies for economy recovery; • Presentations to 112 technical and community workshops and meetings throughout the flood-affected areas; • The widespread distribution of information leaflets; • The management of a single client database to ensure accurate client management from response to recovery; • Implementation of a whole-of-government referral service; and • Delivering specific flood subsidies, recovery projects and programs for primary producers. <p>DPI also enacted its new role in food supply security during the January 2011 floods – this involved the coordination of the commercial food supply into Kerang, in northern Victorian, before and during the town’s isolation by floodwaters, which ensured that supermarkets remained open and were able to supply the estimated 2,000 people who remained in town while it was isolated.</p> | <p><i>supported to make better informed decisions’, primarily due to additional demand by farmers as a result of the floods.</i></p> | <p>Central Catchment Management Authority.</p> | |
| <p>3. Safe, substantial mitigation of the impact of Australian Locust Plague on the Victorian Community</p> | <p>The Spring 2010 locust plague was the largest in more than three decades, with approximately one-fifth of the state significantly affected, especially the north and west.</p> <p>In response, DPI implemented the Spring Locust Preparedness and Response project - the single-largest sustained emergency response undertaken by DPI with about 1,220 staff deployed through more than 20 rotations across 35 per cent of the state.</p> <p>DPI emergency response efforts have contributed to reduced impacts of locust on agricultural, environmental and social amenity assets, with locust numbers have returned to near normal levels in most areas.</p> <p>DPI control measures included ground and aerial spraying of</p> | <p>Supplementary funding for the costs of undertaking urgent locust control activities was reported in the 2010-11 Pre-election Budget Update.</p> | <p>DPI is the lead agency for plague locust management within Victoria. DSE, Parks Victoria, Local Government and the APLC also contributed to the response effort.</p> | <p>The Victorian Liberal Nationals Coalition Plan for Agriculture.</p> |

| Planned outcome to be achieved | Description of actual outcome achieved | Quantitative or qualitative data to demonstrate outcome | Other agencies involved | Relationship to major government strategy |
|---|--|---|--|---|
| | <p>public and private land and extensive aerial and ground surveillance.</p> <ul style="list-style-type: none"> Approximately 15,758 ha of public land was sprayed by the DPI, local government and agencies such as VicRoads and VicTrack. The Australian Plague Locust Commission (APLC) in collaboration with DPI also treated 17,000 ha of private land, to prevent swarms from Victoria migrating into neighbouring states. <p>A large scale DPI led community engagement and media campaign was also undertaken:</p> <ul style="list-style-type: none"> Community engagement activities involved 506 community meetings attended by 10,774 people, statewide media liason resulting in 4,095 media stories and extensive press radio, television and online advertising campaign. <p>A Locust Insecticide Rebate Scheme was established, providing a 100% rebate for the cost of chemicals used to spray locusts.</p> <ul style="list-style-type: none"> As at 30 June 2011, DPI has received over 1,360 claims (totalling \$2.1million). | | | |
| 4. Provide a fair deal for Victorian irrigators in the Murray Darling Basin Plan (MDBP) | <p>DPI has helped lead and influence key elements of the Victorian Government's response to the <i>Guide to the Proposed Murray-Darling Basin Plan</i>.</p> <p>DPI analysed the MDBP Guide upon its release and found that equitable sharing was a significant problem with the Plan.</p> <p>DPI conducted socioeconomic analysis and delivered a comprehensive fact finding mission to the Lower Lakes to understand and verify the impacts and environmental watering requirements of the area and potential engineering options.</p> | DPI's contribution to the MDBP response has helped to inform other Victorian Government agencies of the potential economic impacts across various irrigation industries and regions in northern Victoria. | DPI worked with other departments to develop a submission to the MDBA on the Guide and related deliverables. | The Victorian Liberal Nationals Coalition Plan for Water - Murray-Darling Basin Plan. |
| 5. Secure Victoria's energy supply and transition to a low carbon economy | <p>DPI advised on the impacts of, and options for, national carbon pricing policies – with a focus on energy security, cost-of-living and energy investment.</p> <p>In addition, major clean energy innovation investments under the</p> | <p>Relevant performance measures include:</p> <ul style="list-style-type: none"> Exercise strategies for maintaining security of | Commonwealth Government and private industry. | The Victorian Liberal Nationals Coalition Plan for Energy and Resources, in particular: |

| Planned outcome to be achieved | Description of actual outcome achieved | Quantitative or qualitative data to demonstrate outcome | Other agencies involved | Relationship to major government strategy |
|--------------------------------|---|--|-------------------------|--|
| | <p>Energy Technology Innovation Strategy (ETIS) were progressed with the private sector. These included the:</p> <ul style="list-style-type: none"> • CarbonNet project (establishing a commercial pathway for large-scale carbon capture and storage or CCS); • HRL's Dual Gas demonstration project (efficient CCS-compatible gasification of coal for power and other uses); and • Silex Systems 2MW pilot solar plant (demonstration of a Victorian high-efficiency solar power technology). | <p>electricity and gas supply</p> <ul style="list-style-type: none"> • Facilitate delivery of milestones in line with grant agreements for large-scale sustainable energy demonstration program • Facilitate delivery of milestones in line with grant agreements for large-scale carbon capture and storage demonstration program | | <ul style="list-style-type: none"> • Cleaner coal; and • Renewable and low emission energy projects. |

(b) Please also identify any significant program outcomes that were planned but not achieved between 27 November 2010 and 30 June 2011 and the underlying reasons.

DPI Response

No significant program outcomes were not achieved during this period. As detailed in response to Question 4, delays occurred in some outputs due to diversion of resources to emergency response activity.

Question 41

This question does not apply to your department.

SECTION G: Adapting to the change of government

Question 42

- (a) Were any planned organisational priorities changed during 2010-11 as a result of the change of government in 2010? If so, please specify.

DPI Response

Enhancing Regional Engagement

As a result of the change in Government, there has been an increased emphasis and importance on stronger engagement with regional communities and stakeholders. DPI has implemented a range of actions to further strengthen regional engagement in rural and regional Victoria:

- DPI conferences for 2011 have had strong regional focus; with conferences held in Traralgon, Rutherglen, Swan Hill, Geelong and Horsham. DPI conferences provide an opportunity for staff across the State to collaborate with their fellow colleagues and senior DPI leaders, in helping to set the future directions of the department. As part of the regional focus, local organising committees representing each of these regions have developed conference agendas tailored to the needs of the region, and staff have been encouraged to share their thoughts and feedback on how DPI can strengthen its regional focus.
- A new Regional Leadership Model has been created which comprises an integrated team of senior leaders and centre leaders based across country Victoria. Regional Director roles will be responsible for forging stronger relationships with local governments, other government agencies and play a leadership role in relaying regional priorities and perspectives into government decision making processes. They will also play a leadership role in bringing together centre leaders and senior line managers from within the region.

Election Commitments

In addition, there has been an increased emphasis on delivering the Government's election policy commitments (listed in Budget Paper No.3, 2011-12 Service Delivery), which were an expansion on the department's existing priorities.

- (b) Were any corporate plans or similar documents modified in 2010-11 as a result of the change of government in 2010? If so, please specify.

DPI Response

The *Timber Industry Action Plan* is a whole of government plan that will provide a framework for government policy and underpin the security of the timber industry's access to resource through a legislative framework. The Timber Industry Action Plan is currently being reviewed for alignment with the current Government's policy direction.

Question 43

Please detail the impact on your agency of any machinery-of-government changes following the change of government in 2010, including:

- (a) how your agency adapted;
- (b) any disruptions to program or project delivery; and
- (c) any improvements to program or project delivery that have been enabled as a result of the change.

DPI Response

| Machinery-of-government change | Adaptations in response | Disruptions to program/ project delivery | Improvements to program/ project delivery |
|---|--|--|---|
| Forestry - The Government has committed to making DPI responsible for managing areas of public native forest which have been set aside for wood production and for | DPI is currently working with DSE, DBI and | Not Applicable. | Not Applicable. |

| Machinery-of-government change | Adaptations in response | Disruptions to program/ project delivery | Improvements to program/ project delivery |
|--|-------------------------------------|---|--|
| developing government policy relating to all commercial timber production. This includes responsibility for commercial firewood and the sale of red gum timber. | DPC on implementation arrangements. | | |
| Game management - The Government has committed to the establishment of a Game Management Authority to co-ordinate government funding to improve education, conservation efforts and game and feral animal management. | As above. | Not Applicable. | Not Applicable. |
| Private land management - The Government has committed to making DPI the lead government agency for private land management issues. | As above. | Not Applicable. | Not Applicable. |

Question 44

Please detail any new processes that were introduced into your agency following the change of government in 2010 for monitoring or managing expenditure on output or asset projects/programs:

DPI Response

Expenditure for output and asset projects/programs is managed through a centralised budget management and monitoring system in line with financial management guidance issued by the Department of Treasury and Finance. No specific new processes were implemented as a result of the change of government in 2010.

Question 45

For each program and project (delivering either outputs or assets) which was curtailed, deferred or discontinued in 2010-11 following the change of government in 2010, please provide the following details:

- (a) the name of the program/project;
- (b) whether it delivered outputs (i.e. goods and services) or assets;
- (c) the budgeted and actual expenditure in 2010-11; and
- (d) the reasons for which the program/project was curtailed, deferred or discontinued.

DPI Response

As part of the Government's election commitment, a review of the Smart Meters Program is currently underway. Outcomes of the review will inform the future directions and work activities of the program.

No other output or asset programs were curtailed, deferred or discontinued in the 2010-11 financial year as a direct result of the change of government in 2010.

Question 46

For each program and project (delivering either outputs or assets) which was introduced in 2010-11 following the change of government in 2010 which had not been planned prior to the change of government, please provide the following details:

- (a) the name of the program/project;
- (b) whether it delivered outputs (i.e. goods and services) or assets;
- (c) the budgeted and actual expenditure in 2010-11; and
- (d) the reasons for which the program/project was introduced.

DPI Response

No new output or asset programs were introduced in the 2010-11 financial year following the change of government in 2010, which had not been planned.

New initiatives committed to through the election will be undertaken the 2011-12 financial year and are detailed in Chapter 1 and 2 of Budget Paper No.3, 2011-12 Service Delivery.

Contact Details

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The completed questionnaire must be returned by no later than COB, 2 December 2011.

Please return the response (including an electronic version) of the questionnaire to:

Valerie Cheong
Executive Officer
Public Accounts and Estimates Committee
Level 3, 55 St Andrews Place
EAST MELBOURNE VIC 3002

Telephone: 03 8682 2867
Fax: 03 8682 2898
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For inquiries on this questionnaire, please contact the Executive Officer or:

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