
Government Responses to the Recommendations of PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE'S 88th Report on the 2009-10 Budget Estimates – Part Two

Pursuant to Section 36 of the *Parliamentary Committees Act 2003*, this paper provides a response to the recommendations contained in the Public Accounts and Estimates Committee's (PAEC) 88th Report.

Guide for Readers:

Following is the explanation of the format of this paper.

1 Title			
2 Department			
1 PAEC Recommendation	2 Response	3 Action Taken to Date	4 Further Action Planned

Row 1: Indicates the title of this paper.

Row 2: Indicates the number and topic of the response to the PAEC recommendations.

Column 1: Contains the PAEC's recommendations as published in its 88th Report.

Column 2: Indicates the Government's response to each recommendation (**Accept, Accept in part/principle, Under Review or Reject**).

Column 3: Indicates those actions relevant to the implementation of the recommendation that have been taken to date.

Column 4: Indicates the additional actions planned that are relevant to implementation of the recommendation, together with an explanation of the Government's position concerning the recommendation.

Note: The recommendations made by PAEC concerning the Victorian Auditor-General's Office relate to issues that are operational in nature. As the Victorian Auditor-General's Office is an independent government entity, the Government has made a broad comment on these recommendations and considers that a direct response should be issued by the Victorian Auditor-General's Office independent to the Government Response.

<i>Recommendation 1 (Page 50)</i>			
<p>The government draw on its transitional work underway in preparing for the accountability obligations under the Commonwealth’s new funding framework to formulate a state-wide outcomes-based performance management and reporting system.</p>	<p>Accept in Principle</p>	<p>One of the primary objectives of the Public Finance and Accountability Bill (PFAB) – introduced to Parliament in December 2009 - is to make outcomes and associated outputs the basis for the whole of the cycle of planning, resource allocation, resource management and reporting.</p> <p>This approach will bring the State’s performance management and reporting framework into closer alignment with the 2008 Council of Australian Governments (COAG) Intergovernmental Agreement on Federal Financial Arrangements.</p>	<p>The frameworks that will be implemented to support PFAB include an outcomes-focused performance management framework.</p> <p>Implementation of the proposed frameworks will take account of the COAG arrangements and, where appropriate, adopt COAG performance information.</p>
<i>Recommendation 2 (Page 50)</i>			
<p>Performance reporting to the Victorian Parliament by all public sector agencies for both state and Commonwealth funded programs and services be based on uniform outcomes-focussed reporting principles.</p>	<p>Accept in Principle</p>	<p>One of the primary objectives of the Public Finance and Accountability Bill (PFAB) is to make outcomes and associated outputs the basis for the whole of the cycle of planning, resource allocation, resource management and reporting.</p> <p>PFAB will require departments and public bodies “to support the achievement of outcomes by ensuring that outputs are delivered in an efficient and economical manner and obligations are met in a timely manner”.</p> <p>It also sets out a number of planning and reporting principles, including that:</p> <p>a) reporting be:</p> <ul style="list-style-type: none"> - clear and accurate; - consistent with the relevant planning documents; - prepared at a time and in a manner which is useful to the intended audience, and <p>b) Government planning, budgeting and accountability processes:</p> <ul style="list-style-type: none"> - focus on the achievement of stated outcomes; - clearly identify the outputs and investments that need to be delivered to achieve stated outcomes; - establish a means for measuring achievement of stated outcomes. 	<p>Specific planning and reporting requirements based on a differential framework (fit for purpose requirements for different categories of entity) will be developed during PFAB implementation.</p>

<i>Recommendation 3 (Page 50)</i>			
<p>The government present to Parliament an annual consolidated report identifying Victoria’s performance against objectives, outcomes, output targets and milestones established under the Commonwealth’s federal financial framework.</p>	<p>Reject</p>	<p>The new federal financial framework, contained in the Intergovernmental Agreement on Federal Financial Relations, governs important financial relationships between the Commonwealth and the States and Territories.</p> <p>Accountability is provided through the COAG Reform Council (CRC) public performance reporting program. They assess jurisdictions’ performance against agreed indicators found in the National Agreements (NAs) and the National Partnerships (NPs), insofar as they relate to National Agreements.</p> <p>The CRC has commenced the reporting process, with baseline reports on achievement against the National Agreements for Education and Skills and Workforce Development released publicly by the CRC on 5 November 2009. The second phase of the annual reporting cycle has recently begun.</p> <p>Moreover, a key principle underpinning the FFR Framework is the promotion of a reduction in reporting burden and duplicative reporting requirements that would not necessarily create a greater level accountability.</p>	<p>The Public Finance and Accountability Bill aims to increase government accountability to the Parliament by making outcomes and associated outputs the basis for the whole of the cycle of planning, resource allocation, resource management and reporting.</p> <p>It is envisaged that the resultant consolidated reporting will cater for accountability requirements, such as those associated with Commonwealth funding under the federal financial relations arrangements.</p> <p>The Department of Treasury and Finance will continue to review opportunities for government to transparently report on the outcome of COAG Reforms.</p>

<i>Recommendation 4 (Page 58)</i>			
<p>Where the Budget Papers disclose for new asset funding, Total Estimated Investments that include projects to be delivered through the public non-financial corporations sector on behalf of government, the Department of Treasury and Finance separate out this component from that of the General Government Sector.</p>	<p>Accept in Principle</p>	<p>The Public Sector Asset Investment Program – Budget Information Number 1 (BIP 1) outlines major asset investment in the financial year for the general government sector and public non-financial corporations, as well as Partnerships Victoria projects. BIP 1 is part of the suite of Budget Papers and DTF is working to bring the release of BIP 1 closer to that of the other Budget Papers to facilitate review against these documents. BIP 1 provides a highly comprehensive and detailed listing of public sector asset investments that will either increase service delivery capacity or sustain the existing service capacity of assets.</p> <p>The information provided in BIP 1 has been enhanced to provide details of existing and new projects delivered through the public non-financial corporations (PNFC) sector; the 2009-10 publication lists projects with a total estimated investment (TEI) of \$1 million or more individually against each PNFC undertaking asset investment.</p>	<p>DTF is working to bring forward the release date for BIP 1 to be closer to that of the other Budget Papers.</p> <p>DTF will also review the format of TEI disclosures as part of its review of budget paper structure and content for the 2010-11 Budget and future Budgets under the Public Finance and Accountability Bill to determine how the provision of funding for new projects delivered through PNFCs can be clarified.</p>
<i>Recommendation 5 (Page 61)</i>			
<p>The Department of Education and Early Childhood Development reports on the changes it has made to the asset investment assessment process (e.g. under the Building Futures program) and the criteria used for selecting infrastructure projects.</p>	<p>Accept</p>	<p>The Building Futures process explicitly links infrastructure investment decisions to educational outcomes. Changes to the Building Futures process to ensure more effective asset allocation include:</p> <ul style="list-style-type: none"> • identification through the Department of Education and Early Childhood Development (DEECD) regional offices of priority capital projects based on projected demographic changes, building quality, over entitlement space and local education provision plans; • aggregation and prioritisation of capital projects at the statewide level based on building quality and over entitlement space; and • assessment of projects through the Building Futures’ gateways to ensure schools’ capital works projects are aligned with their strategic plans to raise student achievement. 	<p>Continued refinement of the Building Futures process to ensure that the community, the Department and schools are all satisfied students and communities are getting the best possible outcomes.</p>

<i>Recommendation 6 (Page 69)</i>			
<p>The Government ensure that public sector agencies keep Parliament and the community informed of progress made on asset investment projects through their annual reports in terms of: (a) progress towards project completion; and (b) outcomes delivered against departmental and government objectives.</p>	<p>Accept in Principle</p>	<p>The annual <i>Public Sector Asset Investment Program – Budget Information Paper No. 1</i> (BIP1) is compiled in association with the annual budget papers to inform Parliament and the community about Victoria’s asset investment program.</p> <p>To assist entities in making appropriate disclosures in their Annual Reports, the Department of Treasury and Finance (DTF) has provided best practice guidance through Financial Reporting Directions (FRDs) and the annual Model Financial Report for Victorian Government Departments (available from the DTF website: www.dtf.vic.gov.au). This material is revised regularly to ensure that departments and entities continue to meet modern financial reporting requirements.</p> <p>If a particular department or entity wishes to make additional disclosures which go beyond the requirements of the Financial Reporting Directions or the Model Financial Report for Victorian Government Departments they are encouraged to do so, particularly where such disclosures are of relevance and add value to users of their annual report.</p>	<p>It is recognised that annual reports often only provide information on how much has been spent on a project, and that there may be other measures which could be meaningful to keep Parliament and the community informed about the progress of infrastructure projects.</p> <p>The Public Finance and Accountability Bill, which was introduced into Parliament in 2009, has a focus on outcomes-based reporting, and in the context of the bill’s implementation, DTF will consider what additional information on the reporting on the outcomes and progress of asset investment projects would provide an increased level of transparency to Parliament and the wider community.</p>

<i>Recommendation 7 (Page 77)</i>			
<p>With the advent of a new framework for federal financial arrangements with the states and territories involving a range of National Agreements for Specific Purpose Payments and National Partnerships, the Department of Treasury and Finance expand the Economic Reform Agenda chapter in the Budget Papers by disclosing an abridged version of performance data that summarises how Victoria has progressed against agreed objectives, outcomes and outputs where funding has been provided by the Commonwealth Government.</p>	<p>Reject</p>	<p>Accountability under the new federal financial framework is provided through the Council of Australian Governments (COAG) Reform Council (CRC) public performance reporting program. The program assesses jurisdictions’ performance against agreed indicators of progress toward objectives, outcomes and outputs as found in the National Agreements (NAs) and the National Partnerships (NPs), insofar as they relate to National Agreements.</p> <p>Moreover, a key principle underpinning the FFR Framework is the promotion of a reduction in reporting burden and duplicative reporting requirements that would not necessarily create a greater level accountability.</p>	<p>The Department of Treasury and Finance will continue to provide input into the COAG Reform Council process to maintain and improve transparency on progress towards the outcomes of COAG Reforms.</p> <p>Information is accessible through the COAG CRC website: www.coag.gov.au/crc</p>
<i>Recommendation 8 (Page 77)</i>			
<p>Departments disclose in their annual reports a breakdown of savings and efficiencies achieved, while disclosure in the Budget Papers be expanded to include savings estimates for departments.</p>	<p>Accept in Part</p>	<p>a) Reject - Agency annual reports represent strategic accountability documents that facilitate user assessments of agencies’ performance relative to their operational and financial objectives. These documents provide summary level information consistent with the generally accepted principles of general purpose reporting.</p> <p>The financial management and accountability framework for government departments focuses on the delivery of outputs and outcomes within agreed output prices, rather than management of inputs. The introduction of additional annual reporting requirements focused on tracking internal management of input costs is not central to external accountability and is not supported.</p> <p>b) Accept - Government efficiency initiatives are reported in total and against each department within Budget Paper 3 and the Budget Update as necessary.</p>	<p>No further action planned</p>

<i>Recommendation 9 (Page 77)</i>			
<p>Departments include in their annual reports, performance information aligned to any performance indicators established at the federal level that relate to productivity improvement.</p>	<p>Under Review</p>	<p>The Council of Australian Governments (COAG) Reform Council's (CRC's) role is to report to COAG annually on performance against agreed objectives, outcomes and outputs.</p> <p>Productivity improvement is central to the COAG agenda and the competition, regulation and human capital agendas, which seek to drive productivity gains, cut across a diverse range of portfolios. Progress on specific programs and activities supported through National Agreements and National Partnerships will form part of the CRC report. The associated indicators will provide analysis of progress toward productivity improvements through these specific, indirect and underlying indicators.</p> <p>Departments are encouraged within the <i>Model Financial Report for Victorian Government Departments 2009</i> to disclose any examples of productivity gains achieved. The Government and public sector agencies are committed to the continued production of high quality performance information that is relevant, appropriate and reliable.</p>	<p>The Department of Treasury and Finance will examine the need to integrate or replicate any agreed productivity related indicators within Departmental Annual Reports.</p>
<i>Recommendation 10 (Page 82)</i>			
<p>The Department of Treasury and Finance review the accountability measures outlined in the National Agreements and the National Partnership Agreements with a view to updating the performance measures and targets contained in the Victorian Budget Papers where appropriate.</p>	<p>Accept in Principle</p>	<p>The independent Council of Australian Governments (COAG) Reform Council (CRC) will provide annual reports to COAG containing the performance data to assist the public in assessing governments' progress against agreed objectives outcomes and outputs. The CRC will also report its own comparative analysis of the performance of governments in meeting the objectives of the National Agreements.</p> <p>Further, COAG has asked Heads of Treasuries to undertake a review of National Agreements, National Partnerships and Implementation Plans, reporting through the FFR Ministerial Council to COAG by 31 December 2010. This review will include an assessment of the quantity and quality of performance indicators and benchmarks, and aims to ensure that performance reporting contributes to public transparency.</p>	<p>Following the Heads of Treasury review, the Department of Treasury and Finance will examine opportunities to continue to ensure transparency in the reporting of the outcomes of COAG reform.</p>

Recommendation 11 (Page 85)

<p>In terms of clarifying the appropriate role of state and territories' Auditors-General for enhancing state accountability under the new federal financial framework, the Victorian Government initiate discussions with COAG on what role, if any, they should have.</p>	<p>Reject</p>	<p>The new federal financial framework, contained in the Intergovernmental Agreement on Federal Financial Relations (Agreement), governs important financial relationships between the Commonwealth and the States and Territories. Public accountability of State and Territory spending under the Agreement is provided through two mechanisms. First, the Council of Australian Governments (COAG) Reform Council is responsible for reporting publicly on policy outcomes according to the performance indicators found in the National Agreements (NAs) and the National Partnerships (NPs), insofar as they relate to National Agreements. Secondly, State and Territory expenditure under the Agreement is subject to the usual scrutiny of Auditors-General in each jurisdiction. The Agreement does not change the relationship between the Commonwealth and the States in a way such as to diminish the role of Auditors-General. Accordingly, there is no need for COAG to consider the role of Auditors-General specifically in the context of the Agreement.</p>	<p>No further work planned.</p>
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Recommendation 12 (Page 89)

Departments consider adopting best practices in productivity improvement reporting such as that presented by the Department of Justice.

Accept in Principle

When coordinating the Government’s response to future Public Accounts and Estimates Committee (PAEC) reports on Financial Performance and Outcomes, the Department of Treasury and Finance (DTF) will provide departments with an example (e.g. the Department of Justice [DOJ] example in the further actions column) of a more ‘macro’ and measurable response with clear and measurable examples.

DTF has concerns however, that the example may not translate effectively to other departments due to differences in business or service delivery model. DTF supports an outcomes and efficiency focus, but notes that specific initiatives may not necessarily translate to productivity improvements.

DTF will provide departments with the DOJ example (below) when departments are required to report to PAEC on Financial Performance and Outcomes:

“The department’s key achievements in 2006-07 included a drop in reported incidents and standard claims. The average cost of a claim also fell from \$39,461 in 2005-06 to \$33,692 in 2006-07. The focus on good injury management, effective early intervention strategies and factors such as stress in the workplace, achieved positive outcomes, reducing the cost to the department in terms of time and actual cost of total claims. The figures as of 30 June 2007 are:

Year	No. of standard claims	No. of lost time claims
2005-06	138	63
2006-07	120	44

<i>Recommendation 13 (Page 101)</i>			
<p>The Department of Treasury and Finance supplement the disclosure of revenue items in the Budget Papers by including:</p> <p>(a) an analysis of total revenue per capita for Victoria compared to the other states and territories;</p> <p>(b) a pie chart showing the composition of Victoria's revenue base;</p> <p>(c) the actual budget for the previous year and actual revenue raisings for the most recent completed year; and</p> <p>(d) explanations for a greater number of material variances between items disclosed in the Forward Estimates.</p>	<p>Accept in Principle</p>	<p>(a) Accept in Principle - The Government's preferred measure of tax competitiveness is taxation revenue to Gross State Product (GSP) as it compares the level of each state's taxation to their economic capacity. A supplementary measure used is taxation plus royalty revenue as a share of GSP as it shows an important potential influence on Victorian tax competitiveness; namely, this State's lack of royalty revenue compared to other states. Charts comparing Victoria's performance with other states with respect to both measures are presented in the Economic and Fiscal Strategies and Objectives chapter of Budget Paper No. 2. Following the release of each budget, the Department reviews the scope for including additional information in the following year's budget papers. As part of this review, the Department will examine the feasibility of including a table showing revenue per capita and other variables (similar to Table 5.3 in New South Wales [NSW] BP2) for each jurisdiction in the 2010-11 budget papers.</p> <p>(b) Under Review - The Budget Papers already show the composition of Victoria's revenue base. For example, the Estimated Financial Statements (Table 1.1) and the State Revenue chapter (Table 4.1) in BP4 provide the data underpinning the Public Accounts and Estimates Committee's (PAEC's) proposed pie chart. In the past (e.g. the 2007-08 Budget Paper No.2, Chart 3.2) a pie chart has been included. The presentation of data can change from year to year depending on stakeholder feedback about content and space limitations (often addressed by reducing duplication such as having a table and chart that show the same data).</p> <p>(c) Under Review - The actual budget for the previous year was presented in the 2009-10 Budget Papers (BP4, Appendix C, Revised 2008-09 Budget Outcome).</p> <p>Actual revenue for the previous year is currently available in the annual Financial Report (the most recent being 2008-09).</p>	<p>(a) The Department will continue to provide charts showing taxation to GSP and taxation and royalties to GSP measures in the budget papers. The Department will examine the feasibility of including a table showing revenue per capita and other variables for each jurisdiction in the 2010-11 budget papers.</p> <p>(b) The Department will continue to provide data that clearly shows the general government revenue data. In preparing the 2010-11 Budget Papers, the Department will take into account the PAEC's preference for these data to be presented in a pie chart format as well as other stakeholder comments.</p> <p>(c) As the actual budget for the previous year is already presented no further action is proposed on this item. The Department will consider including in the State Revenue Chapter in BP4 the actual revenue raisings for the most recent completed year.</p> <p>DTF, however, will also consider other stakeholder comments on this aspect before making a final decision.</p>

		<p>(d) Accept in Principle - The Budget Papers currently explain variances against original budget (BP4, Appendix C, Revised 2008-09 Budget Outcome) and against the previous budget update (BP2, Appendix A, Operating Statement Reconciliation). Note 31 in the 2008-09 Financial Report also provides explanations of material variances between budget and actual outcomes.</p> <p>Material variances in the forward estimates from the previous budget update are also explained (BP2, Appendix A). The previous budget update explains variances from the previous budget (e.g. see Chapter 3 in the 2009-10 Budget Update).</p>	<p>(d) No further action required as existing documents (budget and budget update) sufficiently explain material variances to forward estimates.</p> <p>DTF notes the PAEC's example of changes in estimates of provision of services revenue between 2008-09 Budget and 2009-10 Budget . However, DTF notes that for 2008-09 this variation was explained in BP4, Appendix C, <i>Revised 2008-09 Budget Outcome</i>. In most cases, major variances will be due to changes in the current (revised) year or budget year or due to policy changes. These are already sufficiently disclosed.</p>
<p><i>Recommendation 14 (Page 109)</i></p>			
<p>The Department of Treasury and Finance advise the Committee of the results of its study into presenting a finer breakdown of tax expenditures and concessions in the Budget Papers.</p>	<p>Accept in Part</p>	<p>The Budget Papers currently present the value of tax expenditures broken down into 40 categories (similar to the level of detail shown in NSW budget papers). The Department will continue to present this level of breakdown.</p> <p>The Department is planning to increase the number of categories shown for the value of concessions starting from the 2010-11 Budget.</p> <p>Due to space limitations the Department is not planning to include the number of recipients of tax concession in Budget Papers. These are available in the annual DHS <i>State Concessions and Hardships Program</i> publication.</p> <p>The Department is investigating the possibility of including the number of recipients of tax expenditures in Budget Papers, including the issue of data quality.</p>	<p>The 2010-11 Budget will include a finer breakdown of concession categories.</p> <p>The Department is continuing to examine the feasibility of showing the number of persons/households in receipt of a concession.</p>

<i>Recommendation 15 (Page 113)</i>			
The Department of Human Services accelerate the completion date for its annual report on concessions and hardship programs which should occur as soon as possible in the following year.	Accept	The 2008-09 Concessions Annual Report will be completed by March 2010.	The 2009-10 Concessions Annual Report is planned to be completed by December 2010. Future reports are to be completed six months after the end of the financial year covered by the report.
<i>Recommendation 16 (Page 117)</i>			
The Department of Treasury and Finance conduct research to assess the socio-economic impacts that the first home bonus incentives have had in terms of their stimulative and distributive effects on the economy, particularly with regard to the securing existing jobs or creating new jobs and areas of growth.	Accept in Principle	When budgeting for the First Home Bonus (the Bonus), the Department of Treasury and Finance (DTF) already incorporates a wide range of economic factors in assessing its wider impacts, including stimulative, distributive and employment effects.	DTF will continue to assess the impacts of the Bonus within Victoria.
<i>Recommendation 17 (Page 125)</i>			
From 2010-11, a new budget paper, providing a comprehensive overview of State Government programs and initiatives for regional and rural Victoria, be provided.	Reject	<p>The budget papers currently report significant targeted initiatives by the six geographical segments of Victoria and these are supplemented by work under the Regional Strategic Planning initiative that is being undertaken through the Department of Innovation, Industry and Regional Development.</p> <p>State-wide initiatives are not reported at a geographical segment level as these are funded across Victoria and not specifically to a region. The Department of Treasury and Finance DTF considers the dissection of state-wide initiatives budget funding by regions as being only feasible where this information clearly represents the underlying purpose of the initiative.</p>	No further work planned.

Recommendation 18 (Page 129)

<p>The Government investigate the social and economic impact of drought on families in regional Victoria and develop specific response strategies aimed at mitigating the severity of these impacts.</p>	<p>Accept</p>	<p>The Victorian Government announced a \$47 million drought package on 22 October 2009 to support individuals, families and farmers affected by drought. Since 2006, the Victorian Government has provided over \$400 million of drought support. In addition to this, the Victorian Government contributes to the Commonwealth Interest Rate Subsidy program (\$11 million per year).</p> <p>The 2009-10 drought package was developed in response to improved seasonal conditions but recognised that some areas of the state were continuing to be drought affected and required additional targeted support. One new initiative of the package is a farm improvement grant to support farm businesses (in drought affected areas) to carry out on-farm infrastructure improvements. The development of the drought package was undertaken in consultation with the Drought Inter-departmental Coordination Group (DICG) which includes the Department of Primary Industries (DPI), the Department of Planning and Community Development, the Department of Sustainability and Environment, the Department of Innovation Industry and Regional Development, the Department of Education and Early Childhood Development, the Department of Treasury and Finance, Regional Development Victoria, and the Department of Human Services.</p> <p>In addition, the Victorian Government also launched the Future Farming Strategy in 2008 which will invest \$205 million over four years, in programs to improve the ability of farmers to be productive, competitive and sustainable in the future. This strategy includes actions aimed at health and well-being issues faced by farming families and rural communities, including the AgFutures Initiatives, Sustainable Farm Families, Case Management of Farmers, and the National Centre for Farmer Health. The Victorian Government is awaiting an outcome from the Commonwealth National Drought Policy reform. This reform is in response to the Expert Social Panel Report and the Productivity Commission Inquiry Report to enhance preparedness of farmers for a changing climate.</p>	<p>The Victorian Government will continue to monitor seasonal, economic and social conditions to ensure appropriate, targeted and effective assistance is available as needed.</p> <p>DPI, in conjunction with DICG, will continue to evaluate drought programs to assess their effectiveness in meeting their strategic objectives. DPI is currently evaluating the effectiveness of the On-Farm Productivity Improvement Grants program.</p>
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<i>Recommendation 19 (Page 137)</i>			
<p>The Department of Treasury and Finance review current sustainability and environment related reporting guidelines and performance indicators.</p>	<p>Under Review</p>	<p>The Department of Sustainability and Environment (DSE) (rather than DTF [the Department of Treasury and Finance]) provides the leadership in driving the Public Sector's environmental reporting requirements through FRD 24C.</p> <p>DSE has been expanding the data collection and subsequent disclosure requirements and aligning successive versions of FRD 24 more towards GRI principles and reporting.</p> <p>The GRI framework extends past environmental reporting to include social and financial indicators and is beyond the scope of this FRD.</p> <p>Any proposal towards adoption of full triple bottom line reporting across the whole-of-government will have significant implications. Its adoption will need to be Government policy and will require whole-of-government consultation. Full compliance with GRI reporting is expected to be extensive and onerous and is unlikely to be achieved through FRD 24 alone, which is the current reporting instrument for prescribing annual report disclosure requirements for the departments and the environmental agencies.</p> <p>DSE are developing a data management tool to assist in the collection and reporting of environmental indicators of FRD for departments and agencies.</p>	<p>DSE to review FRD performance indicators and guidelines to address issues identified in consultation with departments including looking to expand to relevant GRI indicators.</p> <p>DTF financial reports include the disclosure of segment data, future targets and performance trends.</p> <p>DSE will work with DTF to identify opportunities to further expand FRD 24C indicators and guidelines.</p>

<i>Recommendation 20 (Page 137)</i>			
The Department of Treasury and Finance present in the Budget Papers a reconciliation of the differences in the figures for new output initiatives shown in Budget Paper No. 2 relating to the net impact of new output initiatives for each department and Budget Paper No. 3 that discloses the sum of gross amounts for each new initiative.	Accept in Principle	The financial management and accountability framework for government departments focuses on the delivery of outputs and outcomes rather than management of inputs. The Department of Treasury and Finance (DTF) considers that the existing measures provide transparency about the application of funds through showing both the level of expenditure and the volume of new funding required to implement a particular initiative.	Although DTF does not support including a formal reconciliation, the department will consider how the current terms used to describe the differences between the tables can be enhanced. These descriptions will better convey the meaning of internal reprioritization and other existing sources. The department believes this will be generally in line with the broad direction of the recommendation.
<i>Recommendation 21 (Page 141)</i>			
The Department of Treasury and Finance considers the development of appropriate guidelines for the determination of ‘funded vacancies’ in public sector so that government agencies can report on their staff numbers in a comprehensive and consistent manner.	Reject	<p>Departments are currently required to publish workforce data within their Annual Report under Financial Reporting Directions (FRD) 22 and 29. FRD 29 was developed following a review involving the State Services Authority, Department of Treasury and Finance and Department of Premier and Cabinet in 2006 and enhances reporting and presentation of data to facilitate comparisons across departments. The State Services Authority also publishes an annual State of the Service report which examines key aspects of the public sector workforce.</p> <p>Funded vacancies are not reported since the financial management and accountability framework for government departments focuses on the delivery of outputs and outcomes rather than management of inputs. Allocation of resources to achieve required outputs is an internal management issue. The introduction of additional annual reporting requirements focused on tracking internal management of input costs is not central to external accountability and is not supported.</p>	No further work planned

Recommendation 22 (Page 144)

<p>Government sector departments and agencies should collect and maintain qualitative and quantitative data such as entry and exit of staff, staff retention rates and average years of service for each VPS grade and executive level in each budget year. Such information should be used in the development of the department’s workforce management and succession planning strategies. The department should also consider including this information in their corporate strategies reports.</p>	<p>Accept</p>	<p>The Department of Premier and Cabinet (DPC) collects a range of workforce data including staff entries, exits, retention rates and length of service. This data is reported regularly to DPC’s Executive Leadership Team and to the State Services Authority via the annual workforce data collection process. Such workforce data was referenced in the development of <i>Investing in Our People: A People and Culture Strategy for DPC 2009-12</i>.</p>	<p>Workforce data measures will be used to assist in measuring successful outcomes for a range of people projects under <i>Investing in Our People: A People and Culture Strategy for DPC 2009-12</i>. This Strategy is linked to the objectives of DPC’s Corporate Plan 2009-12.</p>
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<i>Recommendation 23 (Page 154)</i>			
<p>The Department of Treasury and Finance provide further detailed information relevant to further actions involved in review processes that are identified in relevant responses to Committee recommendations.</p>	<p>Accept</p>	<p>The Department of Treasury and Finance (DTF) Recommendation 39 response – Reject – The Victorian Indigenous Affairs Framework (VIAF) is a whole of government responsibility. A Government statement outlining progress against the various actions and targets is already tabled in Parliament on annual basis. A Performance Management Framework has been completed which enables monitoring and annual reporting to Parliament. The purpose of Budget Paper No 3 is quite different with specific output statements against resources assigned to individual departments for delivery of particular outputs.</p> <p>The Department of Transport (DOT) Recommendation 34 response – Under review - On 15 July 2008, the Applicant (Blue Wedges Inc) was ordered by the Federal Court to pay the Respondents' (including the Port of Melbourne and the State of Victoria) costs of the application, including the costs of the motion, notice of which was given by the Applicant on 6 February 2008. The final costs awarded in favour of the Port of Melbourne and the State of Victoria pursuant to that order have not been determined.</p> <p>DTF – response 16 – Reject – As stated in the Department’s original response to Recommendation 16 (2008-09 Budget Estimates, part 3), the Department of Treasury and Finance does not separately report on the income derived from regulatory reform from other tax income, as this information cannot currently be accurately extracted. The Budget Papers currently present the value of tax expenditures broken down into 40 categories (similar to the level of detail shown in NSW budget papers). DTF will continue to present this level of breakdown.</p> <p>The Department of Treasury and Finance has reviewed:</p> <ul style="list-style-type: none"> • the level of detail potentially available regarding concessions; and • the feasibility of including the value of fees waived to particular groups or bodies (e.g. where rental costs are not charged by departments to its statutory authorities). 	<p>Government has agreed to the establishment of targets for 2013 across the 21 Strategic Change Indicators (SCIs) in the VIAF and the Performance Management System (which has now been finalised). This was used to collate data to measure performance against the 21 SCIs for the 2008-09 Annual Whole of Government Report on Indigenous Affairs (which was tabled in Parliament in December 2009).</p> <p>DOT will continue to review.</p> <p>The Department of Treasury and Finance does not separately report on the income derived from regulatory reform from other tax income as this information cannot currently be accurately extracted. Future Budget papers will continue to provide detailed breakdown of tax expenditures.</p> <p>DTF is planning to provide a finer breakdown of the value concessions by category starting from the 2010-11 Budget. A Departmental review showed that the Government does not separately report on government-to-government subsidies as this information cannot currently be accurately extracted. Therefore it is not possible to provide the value of fees waived to particular groups or bodies.</p>

		<p>The Department of Education and Early Childhood Development (DEECD) response – Reject – The Department plans to undertake a comparative assessment of educational outcomes prior to and following capital projects in schools. As previously indicated, the Victorian Schools Plan benefits evaluation framework will take 2 to 3 years to provide reliable data.</p> <p>However, since the Department’s response to the recommendation, a number of matters have changed. The Victorian Schools Plan is now being implemented in conjunction with the Federal government’s economic stimulus package funding – Building Education Revolution (BER). The Department is undertaking further development to refine the Evaluation Framework to take account of the new elements the BER has introduced into the Capital Works program.</p> <p>Outcomes data for all schools is now publicly available in the Victorian Government School Performance Summaries at the VRQA State Register: http://www.vrqa.vic.gov.au/sreg/default.htm.</p> <p>DTF Recommendation 13 response – Please see recommendation 17 (above).</p>	<p>The Department will publish summary results of the evaluation framework in an appropriate format.</p>
<p><i>Recommendation 24 (Page 172)</i></p>			
<p>The Department of Treasury and Finance expand the sensitivity analysis contained in the Budget Papers to quantify the impact on the general government fiscal results of selected indicators being 1 per cent lower than expected, if the financial effect is not symmetrical with the scenario presented in the Budget Papers.</p>	<p>Accept</p>	<p>A preliminary review undertaken by the Department of Treasury and Finance shows that a negative change to indicators has approximately the same absolute impact on the net result from transactions as does the equivalent positive change to indicators. However, the effect on “Other economic flows” (and therefore the Net result) is generally not symmetrical mainly due to the different impact on returns to superannuation funds. The Department will undertake further research to ascertain whether these differences are of a material nature.</p>	<p>Where positive impacts on fiscal results are found to be materially different from negative impacts (other than a change in sign), the sensitivity analysis section in the Budget papers will be expanded to include the effect of lower than expected impacts on selected variables.</p>

Recommendation 25 (Page 176)

<p>In order for the target of up to 35,000 jobs to be secured in 2009-10, the Government ensure that sound project management disciplines are followed in the delivery of construction projects on time.</p>	<p>Accept in Part</p>	<p>Government accepts that the application of sound project management disciplines are necessary to deliver projects on time. For example the Department of Transport (DOT) reviewed and updated its Project Management Framework (PMF) during the latter half of 2009.</p> <p>The PMF was relaunched in November 2009. The PMF outlines how DOT projects are to be developed and delivered with a focus on consistent high quality documentation.</p> <p>DOT has extensive training available for project managers to enhance skills and have developed a Project Management Community of Practice to improve the sharing of knowledge and experience in project management across the DOT.</p>	<p>Government intends to continue its focus on improved governance of projects.</p>
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<i>Recommendation 26 (Page 176)</i>			
<p>The Department of Treasury and Finance include outcomes reporting of the extent of jobs secured as well as the new jobs created in particular sectors.</p>	<p>Reject</p>	<p>In the 2009-10 Budget, the Government provided a broad estimate of the associated or secured employment from the various government infrastructure projects underway in 2009-10 in Victoria. This was not a specific target or outcome, but a way for the Government to communicate the broad employment-related benefits from the infrastructure program.</p> <p>The estimate was based on The Department of Treasury and Finance (DTF) methodologies developed to indicate the number of jobs directly associated with a given value of construction, for different types of project. The methodologies were then applied to estimate employment associated with the infrastructure program.</p> <p>This approach was used given the difficulty in ascertaining how many people would be directly employed on these projects using only information about the total cost. Reporting such measures on a project-by-project, or even on a program-wide basis, would be extremely costly, and create an unnecessary burden on project managers. With this in mind, it was never the intention of the Government to report against this estimate.</p>	<p>No further action planned</p>
<i>Recommendation 27 (Page 177)</i>			
<p>The Department of Innovation, Industry and Regional Development report on a progressive basis and, according to key industry sectors, the take up of government subsidised training places in areas of skill shortage.</p>	<p>Accept in Principle</p>	<p>Skills Victoria uses market intelligence to identify critical skill needs, including skills shortages, at the industry and occupational level. Skills Victoria also closely monitors activity in training across these areas, including the uptake of apprenticeships and traineeships. Regular reports are provided to the Department of Innovation Industry and Regional Development (DIIRD) senior executives, to the government through Cabinet and to the Victorian Skills Commission.</p>	<p>Skills Victoria has developed a performance and monitoring framework to monitor the impact of <i>Securing Jobs for your Future – Skills for Victoria</i> on the take up of training. These reports provide an age, qualification and industry level breakdown.</p>

<i>Recommendation 28 (Page 180)</i>			
<p>As the Victorian Transport Plan unfolds, the Department of Treasury and Finance include a progress report in the Budget Papers disclosing future planned or revised outcomes.</p>	<p>Accept in Principle</p>	<p>The Victorian Transport Plan (VTP) was released in December 2008 and set out a comprehensive plan for projects to be delivered over twelve years including timelines and estimated costs.</p> <p>The VTP is reported in Budget Paper No. 3. Specifically, Appendix A reports descriptions and approved funding for the VTP output initiatives and infrastructure investments announced in the Budget. Appendix E, introduced for the first time in the 2009-10 Budget Papers, sets out the VTP initiatives funded Budget against commitments outlined in the VTP.</p> <p>On 3 December 2009, the Premier released the first VTP report card which included an overview of progress for each project and program including key milestones and project completions.</p>	<p>The 2010-11 Budget Paper No. 3 will continue to report on the VTP through Appendix A and Appendix E to the level reported in the 2009-10 Budget.</p> <p>There will be regular updates of the VTP.</p>
<i>Recommendation 29 (Page 182)</i>			
<p>The Department of Transport report at regular intervals on progress made in achieving 40 per cent local content on a whole-of-life basis for train purchases.</p>	<p>Accept</p>	<p>There are currently three rolling stock projects in progress or under development with DOT.</p> <p>The VLocity trains continue to be manufactured at Dandenong and have local content exceeding 65 percent on a whole-of-life basis.</p> <p>The Department of Transport (DOT) has negotiated the fit-out of 19 of the further 20 Alstom trains to be undertaken in the United Group workshops at Ballarat. These 20 new trains bring the current order to 38 new trains. This work will commence in 2011 and is estimated to give a whole-of-life local content of at least 50 percent for the total order of 38 X'Trapolis six-car train sets.</p> <p>DOT has required the respondents to the Expression of Interest for the supply and maintenance of the 50 trams for the Melbourne network to identify the amount of local content in the manufacturing phase as well as for the whole-of-life. The target for the manufacturing phase is 25 percent and this is specified in the Request for Tender to be issued to the short listed tenderers in early 2010. The estimated whole-of-life local content figure is above 55 percent.</p>	<p>DOT has established local content as a standard requirement in its documentation for the procurement of rolling stock.</p> <p>DOT also meets with officers of the Department of Innovation, Industry and Regional Development as required to assist with the promotion of local industry involvement in rolling stock supply and maintenance.</p> <p>It is proposed to relate the findings to specific rolling stock projects and to report half yearly through the Industry Capability Network (ICN).</p>

<i>Recommendation 30 (Page 183)</i>			
<p>When embarking on major rail extensions, the Department of Transport ensure that: (a) when features such as grade separations are involved that are costly to provide, every effort be made to ensure that projects are undertaken in a cost effective manner; and (b) in the event that demographic factors in growth corridors suggest that the grouping of projects may be appropriate, feasibility studies be undertaken in a timely manner to justify proceeding with priority projects.</p>	<p>Accept</p>	<p>(a) Accept – the Department of Transport (DOT) applies nationally agreed Investment Appraisal Guidelines for transport projects that ensure that a range of options are identified and that benefit-cost analysis are undertaken to test the cost-effectiveness of the solution</p> <p>(b) Accept in Principle - The recently completed planning for “Investigation Areas” identified in <i>Melbourne @ 5 million</i> demonstrated the integrated approach taken across Planning and Transport portfolios, ensuring that inter-related projects can be planned on a “grouped” basis. There is, however, a limit to the extent that Government can set budget priorities and determine funding appropriations without detailed feasibility studies of individual projects.</p>	<p>(a) Continue to apply best practice project development and appraisal methodologies.</p> <p>(b) Continue Whole-of-Government approach to planning for growth corridors and taking a programmatic approach to feasibility studies where appropriate.</p>
<i>Recommendation 31 (Page 184)</i>			
<p>For the Sunbury rail line electrification project, the Department of Transport should continue to place an emphasis on providing a high standard of service in relation to the metropolitan trains running on the electrified system, particularly with regard to cleanliness and punctuality.</p>	<p>Accept</p>	<p>New metropolitan train operator Metro Trains Melbourne has committed to improve train punctuality and reduce cancellations by introducing a proactive, preventative approach to infrastructure and rolling stock maintenance. An increased emphasis on the standards of cleanliness and punctuality are incorporated in the new Metropolitan Train Franchise Agreement which commenced on 30 November 2009.</p> <p>The Government has also tightened the definition of late-running services as part of the new Franchise Agreement’s Operational Performance Regime (OPR), from the previous measure of five minutes and 59 seconds to four minutes and 59 seconds for the new franchise.</p> <p>The new metropolitan train Franchise Agreement also includes a new Customer Experience Performance Regime (CEPR). The (CEPR) is a monitoring and incentive system designed by the Department of</p>	<p>As part of <i>The Victorian Transport Plan</i>, the Victorian and Federal Governments have committed \$4.3 billion to the Regional Rail Link (RRL) project. The project will see the construction of up to 50 kilometres of twin track from West Werribee to Southern Cross Station, providing for the first time separate tracks for regional and metropolitan trains. The project will provide substantial increases in capacity and reliability for Bendigo services (in addition to Geelong and Ballarat), and free up capacity for extra suburban services from Sunbury (in addition to Werribee and Craigieburn).</p> <p>The Federal Government has recognised RRL as a key priority for public transport capacity in Victoria, and in the 2009-10 Federal Budget</p>

		<p>Transport (DOT) to monitor the actual performance of certain aspects of customer services through audits of the train network, in conjunction with an analysis of customers' views as collected in the Customer Satisfaction Monitor (CSM).</p>	<p>provided \$3.2 billion to the project. The Victorian Government will fund \$1.1 billion. Piling works commenced in August 2009 on Platforms 15 and 16 at Southern Cross Station, with major construction scheduled to start in 2010. The project is scheduled for completion in 2014.</p>
<p><i>Recommendation 32 (Page 189)</i></p>			
<p>The Department of Education and Early Childhood Development ensure that detailed information about the National Assessment Program – Literacy and Numeracy testing program, including differences between it and the previous Achievement Improvement Monitor testing is provided in its annual report and on its website.</p>	<p>Accept in Principle</p>	<p>The National Assessment Program Literacy and Numeracy (NAPLAN) replaced the former national benchmarks which were assessed from 1999-2007 using the Achievement Improvement Monitor (AIM) in Victoria and other local tests in other states and territories. The data series for the national benchmarks ended in 2007. The data for these two assessment programs are not comparable. Further reference to the AIM tests may create confusion and result in inappropriate data comparisons being made.</p> <p>The Victorian Curriculum and Assessment Authority (VCAA) website contains archived information about AIM and indicates the change to NAPLAN as the basis for nationally comparable assessment of literacy and numeracy. This can be viewed at: http://www.vcaa.vic.edu.au/vcaa/prep10/aim/aimindex2.html.</p> <p>Information about the changed data collection from 2008 is also available on the Ministerial Council for Education, Early Childhood Development and Youth Affairs (MCEECDYA) website at - http://www.mceecdya.edu.au/mceecdya/nap-benchmarks_-_1999_to_2007_reports,25394.html.</p>	<p>Links to the VCAA and MCEECDYA sites will be added to the Department's NAPLAN webpage.</p>

<i>Recommendation 33 (Page 194)</i>			
<p>The Department of Premier and Cabinet make appropriate adjustments to the Government's key measure of progress towards the Growing Victoria Together education goal to reflect the replacement of the national benchmark measures with the new national minimum standards.</p>	<p>Accept</p>	<p>In previous Growing Victoria Together (GVT) Progress Reports, the State's literacy and numeracy performance was reported against national benchmarks. However in 2008 a new data set and methodology were established to measure literacy and numeracy standards against national <i>minimum standards</i>. The new data set is known as the National Assessment Program for Literacy and Numeracy (NAPLAN). The NAPLAN data have already been published in the 2009 GVT Progress Report and will continue to be published in the future. The Department of Premier and Cabinet (DPC) has noted that the wording of the measure requires amendment to reflect this change.</p>	<p>The GVT measure previously published read: <i>The proportion of Victorian primary students achieving the national benchmark levels for reading, writing and numeracy will be at or above the national average.</i></p> <p>The new measure will now read: <i>The proportion of Victorian primary students achieving national minimum standards in literacy and numeracy will be at or above the national average.</i></p> <p>The revised wording for the measure will be published in the 2010 GVT progress Report.</p>
<i>Recommendation 34 (Page 194)</i>			
<p>The Department of Treasury and Finance and the Department of Education and Early Childhood Development report the results for student achievement in literacy, numeracy and reading in future annual reports.</p>	<p>Accept in Principle</p>	<p>Department of Education and Early Childhood Development (DEECD) accepts the need to publish results of student achievement.</p> <p>Results for students in Years 3 and 5 are reported in DEECD Annual Report against the GVT measures. Year 7 and 9 results are not reported in the Annual Report as the information is readily available elsewhere. This includes reporting literacy and numeracy results for Years 3,5,7 and 9 against Budget Paper performance targets in DEECD's future Annual Report.</p> <p>All National Assessment Program Literacy and Numeracy (NAPLAN) results are reported publicly on the Ministerial Council for Education, Early Childhood Development and Youth Affairs (MCEECDYA) website and individual school results are included in the Australian Curriculum, Assessment and Reporting Authority (ACARA) My School website and in the Victorian Government School Performance Summaries on the Victorian Registration and Qualifications Authority (VRQA) website.</p> <p>In addition NAPLAN results are publicly reported in the Productivity Commission's annual Report on Government Services (ROGS).</p>	<p>Literacy and numeracy results for Years 3,5,7 and 9 against Budget Paper performance targets will be reported in DEECD's future Annual Report.</p>

<i>Recommendation 35 (Page 195)</i>			
The Department of Education and Early Childhood Development adopt service delivery targets for the National Assessment Program – Literacy and Numeracy measurements that exceed the national minimum standards.	Under Review	In light of Victoria’s excellent performance in 2008 and 2009 National Assessment Program Literacy and Numeracy (NAPLAN) tests, the Department will consider raising a number of NAPLAN output performance measure targets to above the national minimum standard. Targets focusing on performance above the national minimum standard have also been developed for Indigenous students as Council of Australian Governments (COAG) targets and as part of the Victorian Indigenous Affairs Framework.	Under review
<i>Recommendation 36 (Page 195)</i>			
The Department of Education and Early Childhood Development develop and report on appropriate performance measures and targets to assess student achievement in writing.	Accept in Principle	A range of ‘literacy’ domains are assessed in National Assessment Program Literacy and Numeracy (NAPLAN) – Reading, Writing, Spelling, and Grammar and Punctuation. Student assessment in writing is already reported as indicated in the response to Recommendation 34 above on the Ministerial Council for Education, Early Childhood Development and Youth Affairs (MCEECDYA) website and in the Report on Government Services (ROGS)	No further action is planned
<i>Recommendation 37 (Page 197)</i>			
The Department of Health implement appropriate performance measures for the Victorian Mental Health Reform Strategy.	Accept	<i>Because Mental Health Matters - Victorian Mental Health Reform Strategy 2009-2019</i> incorporates an outcomes framework that will be used as the basis for setting, monitoring and reporting on change brought about through the strategy. The measures used within this framework will include population level impacts as well as service system changes.	The new Victorian Mental Health Reform Council will assist in defining the key performance measures to be collected and reported. Measures required by national processes, including the Council of Australian Governments (COAG) National Action Plan on Mental Health will be incorporated. This high level reporting will be complemented by rigorous performance monitoring and evaluation of all major initiatives funded under the strategy.

<i>Recommendation 38 (Page 197)</i>			
The Department of Health consider reporting yearly progress against the Victorian Mental Health Reform Strategy via a separate report.	Accept	The Department of Health is committed to regular public reporting of progress in implementing the Mental Health Reform Strategy. As a first step, a Strategy Implementation Plan 2009-2011 will shortly be released detailing concrete actions to be taken over the first two years of the strategy. This will include activities specifically funded by government as part of the strategy effort, as well as redevelopment and enhancement activities utilising existing resources.	An annual activity report will be produced based on the implementation plan, together with a three-year impact report based on regular data collection and early evaluation of initiatives. The new Victorian Mental Health Reform Council will oversee preparation of these reports. The department has also undertaken to produce a new regular report on public mental health service performance.
<i>Recommendation 39 (Page 198)</i>			
The Department of Health review performance indicators for the Crisis Assessment and Treatment Service and consider the addition of performance measures that assess response times.	Accept	The Government has reviewed triage and service responsiveness data collection in order to develop a new minimum triage dataset. The minimum dataset will be rolled out in 2010 in conjunction with a statewide Mental Health Triage Scale, which will standardise the recording of triage outcomes and expected response times. The new dataset will provide valuable data in relation to responses to mental health crisis as well as access and pathways for non-crisis triage contacts. The dataset will provide information on service demand (including demand according to referrer-type for example, police or carers), service responsiveness (including Crisis assessment and treatment teams [CATT] responsiveness), and the number and referral pathway of those people who do not require a specialist mental health service response.	During the roll-out of the new dataset, the department will work with health services and key stakeholders to benchmark key performance indicators. Following the implementation of the dataset and the completion of the benchmarking process, the department will consider appropriate performance targets.
<i>Recommendation 40 (Page 200)</i>			
The Department of Education and Early Childhood Development include the cost of Ultranet Coaches as a separate line item in its annual reports and Budget Papers.	Reject	The Annual Report of the Department of Education and Early Childhood complies with applicable Australian Accounting Standards and the Victorian Departmental Model report as required under the Financial Management Act 1994. The cost of Ultranet coaches is not specifically required by either of these. The cost is not material compared to the Department's other costs and does not justify separate disclosure.	No further action is planned

<i>Recommendation 41 (Page 201)</i>			
The Department of Education and Early Childhood Development should take steps to measure progress against anticipated outcomes for the Ultranet Coach initiative.	Accept	The Ultranet Coach initiative was independently evaluated in 2009 and recommendations were incorporated into the Ultranet implementation strategy.	Outcomes of the Ultranet Coach initiative will be measured as part of the Ultranet project evaluation being undertaken from March 2010 to March 2013.
<i>Recommendation 42 (Page 210)</i>			
The performance measures for Sustainable Water Management and Supply consider volumetric targets and reporting for environmental flows.	Accept in Part	As part of Budget Paper 3, the Department annually reports on environmental flows by the number of river systems where action is/will be undertaken to improve the environmental flows. This performance measure is used as it allows for a comparison from year to year as the target can be set, and the outcomes known with certainty. Volumetric targets are not used for reporting on environmental flows due to the changing seasonal conditions. This means that annual volumetric targets could not be set with certainty, and there would be a high degree of variability from year to year which would not allow useful comparison.	As outlined in recommendation 2 of the <i>Government's Response to the PAEC 85th Report – Inquiry into Victoria's Public Finance Practices and Legislation: New Directions in Accountability</i> the Government will develop outcome and intermediate performance indicators and measures to complement the current output performance measures. Therefore, the Department's current performance measures and indicators will all be reviewed to ensure they demonstrate the impact of outputs and their effectiveness in contributing towards the achievement of government's intended outcomes.
<i>Recommendation 43 (Page 221)</i>			

An increase in funding for the Sustainable Practice Change output could be considered to meet increased performance expectations and support mitigation of climate change through development of sustainable farming practices.

Accept

Budgeted funding for the Sustainable Practice Change output has actually increased every year for the past four years.

	2009-10	2008-09	2007-08	2006-07
	Budget	Budget	Budget	Budget
Sustainable Practice Change	163.1	142.8	140.2	111

During this period Actual funding for this Output has varied significantly.

	2008-09	2008-09	2007-08	2006-07
	Actual	Revised	Actual	Actual
Sustainable Practice Change	232.9	214.7	280.2	204

This is mainly due to the variations in Exceptional Circumstances Interest Rate Subsidy payments (which are determined annually based on need), as well as other one off expenses such as funding provided throughout the year for bushfire recovery and drought response.

In concluding that funding for this output has decreased the PAEC's 88th report compares the **2008-09 Revised Budget** figure as at the Budget's publication in May 2009 (\$214.7 million) with the **2009-10 Published Budget** figure (\$163.1 million). These figures are not comparable, as this in comparing a budgeted figure with an estimated actual.

Whilst funding has increased to meet increased performance expectations, there is scope to do more. The Department of Primary Industries (DPI) has already restructured its programs to tackle the effects of climate change on the community. Teams of staff dedicated to fire recovery and coordination have been formed and a climate change capacity building and training team is now working with DPI field staff to build the Government's extension capacity in the area of climate change.

The Victorian Government has also delivered a large number of programs including research about the climate change effects of methane and nitrous oxide emissions and preparing farm businesses for the climate and emission challenge (230 sessions delivered to 7000 people in past 16 months).

A key aim for Government over the coming decade is to be more proactive in assisting all stakeholders to work towards transformative changes and to prepare them for a hotter and more variable climate.

Although most activity to date has been within the research area, Government and DPI will build on the progress that has been made in forecasting the regional impacts of climate change and identifying the characteristics that agricultural practices will need to have to enable primary producers to adapt in specific regions. Further work is required in the "practice change/extension" area for both climate risk and mitigation if this is to be converted to change at the farm business level.

DPI has contributed to the Whole-of-Victorian-Government White paper on climate change, specifically focussing on transition to a low carbon economy and increasing Victoria's Agricultural Adaptive capacity to climate change. Future activity by the department will be in line with the areas identified in this paper.

<i>Recommendation 44 (Page 233)</i>			
<p>The Department of Human Services review the performance indicators for child protection services including human resource workloads.</p>	<p>Accept</p>	<p>Outputs and associated performance measures are reviewed and refined on an annual basis as part of the State budget cycle. Where appropriate, performance targets are adjusted to reflect sustained and sustainable improvements in service performance.</p> <p>Data reporting systems have been improved to enable more accurate reporting of performance data, including reports in staff numbers and vacancies, and the rate of unallocated cases in the system.</p>	<p>The Department of Human Services will continue to monitor performance trends and adjust future targets as appropriate.</p> <p>In addressing the recommendations of the 2009 Ombudsman Victoria report into the Child Protection program, the department will undertake the following actions:</p> <ul style="list-style-type: none"> • publish data on unallocated cases in the DHS annual report; • review the standards for child protection response times; and • review child protection performance measures.
<i>Recommendation 45 (Page 236)</i>			
<p>The Department of Human Services develop a formal evaluation framework for the Directions for Out-of-home care strategy and the outcomes arising to inform future decision-making and strategic actions.</p>	<p>Accept</p>	<p>The Department of Human Services engaged KPMG to undertake an evaluation of child and family services system reforms over a three year period to August 2011. A focus of this evaluation is delivery and effectiveness of out of home care services.</p> <p>The initial elements of the evaluation are formative, offering progress in implementing the reforms.</p>	<p>Stage 2 of the evaluation will focus on reviewing the impact and effectiveness of each component of the reform strategy, assessing the level of systems, practice and cultural change and the resulting outcomes for children in care.</p>

<i>Recommendation 46 (Page 236)</i>			
<p>The Department of Human Services ensure that: (a) community service organisations, providing residential care on behalf of the State, have a clear understanding of the aims and reform initiatives outlined in the ‘Directions for out-of-home care’ and, in particular, expected improvements in outcomes intended to flow from these reforms; and (b) adequate monitoring systems are in place to assess the effective implementation of the reforms, and the improvements made, by community service organisations providing residential out-of-home care.</p>	Accept	<p>The Department of Human Services has provided clear and timely information to community service organisations regarding the key objectives of the out of home care reforms.</p> <p>There has been extensive discussion with out of home care providers through a Ministerial roundtable (May 2009), as well as sector forums (July and August 2009), bi-monthly strategy group meetings and regional planning processes. A statement of priorities consisting of the objectives, priorities and outcomes out of home care services will achieve in 2009-10 has been used in regional planning processes to ensure key reform objectives are met.</p> <p>Service agreements with providers provide the principal mechanism to:</p> <ul style="list-style-type: none"> • document the nature, scope and volume of the services to be provided by the agency; and • regularly monitor agency performance against the requirements outlined in the service agreement. 	<p>An annual statement of priorities process will facilitate delivery of progress towards the key reform objectives of improved quality of service provision by community service providers.</p>
<i>Recommendation 47 (Page 244)</i>			
<p>The Department of Human Services should consider including detailed information in future Annual Reports in respect to the outputs and outcomes of its Bushfire Recovery Service Delivery Unit.</p>	Accept in Principle	<p>The role of the Bushfire Recovery Service Unit and some of its specific activities and achievements are described in the DHS Annual Report 2008-09. For example, the section ‘Our stories- integrating services to help those in need- Victorian Bushfires 2009’ describes the Victorian Bushfire Case Management Service, psychosocial recovery services and emergency accommodation services. Similarly, the ‘Year in Review’ section contains a chapter on ‘Responding to Emergencies’ and refers to the establishment of the Unit.</p>	<p>The Bushfire Recovery Service Unit was established to respond to one specific event. The Department of Human Services (DHS) will consider including further information on the unit’s achievements in the next Annual Report as well as information on recovery from other emergencies in future Annual Reports.</p>

Recommendation 48 (Page 251)

The Department of Justice develop relevant and appropriate performance measures to assess the achievements of its road safety initiatives in 2009-10 and over the forward estimates period.

Accept in Principle

The department and Victoria Police are committed to continuing to improve road safety. 2009-10 is the first year of further funding to support strategies aimed at reducing the road toll and trauma through a range of road safety initiatives:

- extension of moving mobile radar technology
- renewal of speed measuring devices
- increase in drug driving test;
- renewal of breathalyser equipment
- extension of vehicle impoundment scheme
- continuation of investigation of major collisions
- extension of mobile safety cameras, and
- upgrade of 53 intersection safety cameras

The department will monitor the impact of road safety initiatives through its performance measure, which reports the number of infringement notices processed.

Victoria Police will similarly approach the monitoring of the impact of road safety initiatives through its existing BP3 road safety performance measures. These measures quantify the proportion of drivers tested who comply with posted speed limits and alcohol limits, as well as the proportion of drivers tested who return a clear result for prohibited drugs. Victoria Police's Annual Report also outlines performance in the reduction of deaths and serious injuries on Victoria's roads.

In addition, the annual *Federal Report on Government Services* currently includes data for road safety performance measuring the following:

- road fatalities per 100,000 registered vehicles (reporting road fatalities per 100,000 population is currently under review),
- proportion of drivers who report having driven more than 10kph over posted speed limits in the past 6 months,
- proportion of drivers who report having driven when possibly over the alcohol limits, and
- proportion of drivers who report having driven without wearing a seat belt.

The department and Victoria Police will continue to monitor the appropriateness of its existing road safety performance measures and will take this recommendation into account when preparing the 2010-11 budget papers, the annual BP3 review process and Annual Report.

<i>Recommendation 49 (Page 252)</i>			
<p>The Road Safety Executive Group give consideration to the development of an evaluation strategy and the inclusion of outcome measures and targets in future action plans under the Government’s Arrive Alive 2 Road Safety Strategy.</p>	<p>Accept in Part</p>	<p>In developing the <i>Arrive Alive</i> strategy, a modelling tool was developed to calculate the benefits of implementing a range of initiatives. It provided a basis for assessing performance against a target at any point in time. However, while it provides an indication of intermediate targets it is not sufficiently robust to enable a target reduction to be placed in the public arena.</p> <p>A ten year term for <i>Arrive Alive</i> was seen as important to allow for fluctuations that do occur and the introduction of initiatives that have a long lead time for development, implementation or to produce a benefit. Initiatives can sometimes be delayed for a variety of reasons.</p>	<p>Future action plans define the tasks required to ensure progress towards the 10-year target and this progress is monitored continuously throughout the life of the strategy.</p> <p>Evaluation is critical in identifying continued improvements. A significant initiative such as the Graduated Licensing System is to be evaluated over a period of four years which would not meet the timeframe for the next action plan. While an overall assessment of each action plan will be undertaken the focus will be on the evaluation of the key projects themselves, such as infrastructure and the introduction of new vehicle technologies.</p>
<i>Recommendation 50 (Page 252)</i>			
<p>The Road Safety Executive Group determine a process for publicly reporting the results and outcomes following completion of each of the three year action plans under the Government’s Arrive Alive 2 Road Safety Strategy.</p>	<p>Accept</p>	<p>Analysis of the performance of each action plan will be undertaken within six months of expiry of the action plan and the results published on the Arrive Alive website.</p>	<p>As stated in action taken to date</p>

<i>Recommendation 51 (Page 264)</i>			
<p>Given the magnitude of the budget surpluses and efficiency savings expected to be achieved in the 2009-10 Budget year and over the forward estimates, departments consider in their business plans the need to deliver savings targets by, among other things:</p> <p>(a) promoting a culture of efficiency throughout their organisations and in the way budgets are developed and managed;</p> <p>(b) demonstrating a clear commitment to improving cost control and productivity; and</p> <p>(c) examining the efficacy of establishing a dedicated committee to manage the implementation of the efficiency enhancing reforms.</p>	<p>Accept in Principle</p>	<p>Departments currently do promote a culture of efficiency, with a clear focus on cost containment and productivity. The existence of robust governance structures within departments re-enforce this practice. Illustratively, the Department of Treasury Finance’s governance structure includes a Finance and Strategy Committee which is responsible for monitoring the Department’s finances.</p>	<p>Departments continually assess the effectiveness of their governance structures to ensure effective financial management.</p>
<i>Recommendation 52 (Page 267)</i>			
<p>The Department of Treasury and Finance encourage departments to disclose in their annual reports, details about the various strategies pursued during the year to achieve the required efficiency savings of a general nature, categorised according to the various types of savings.</p>	<p>Reject</p>	<p>The financial management and accountability framework for government departments focuses on the delivery of outputs and outcomes rather than management of inputs.</p> <p>The Department of Treasury Finance (DTF) considers that current annual reporting guidelines which focus on performance against operational and financial objectives remain appropriate and does not propose introducing additional annual reporting requirements focused on tracking internal management of input costs.</p>	<p>No further work planned</p>

<i>Recommendation 53 (Page 271)</i>			
<p>The Department of Treasury and Finance expand the disclosure of planned output efficiencies in the Budget Papers by: (a) identifying the broad range of areas where savings in the nature of general efficiencies are expected to be achieved across departments over the four year period; and (b) providing a total of each department’s expected contribution to savings targets over the four year period</p>	<p>Accept in Part</p>	<p>a) Reject - The financial management and accountability framework for government departments focuses on the delivery of outputs and outcomes rather than management of inputs. Under this framework, the allocation of savings is a matter for individual departments to manage within the existing performance management framework even where savings are directed at specific initiatives.</p> <p>The day to day management of departmental inputs (e.g. staff, external resources, application of savings targets) within agreed output prices is the responsibility of internal management and not central to external accountability. This is in line with contemporary thinking and practice across the Australian public sector (and based on international experience). Introducing additional annual reporting requirements focused on tracking internal management of input costs is not supported.</p> <p>b) Accept - Government efficiency initiatives are already reported in total and against each department within Budget Paper 3 and the Budget Update as necessary.</p>	<p>No further work planned</p>