



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

102nd REPORT TO THE PARLIAMENT

Report on the 2011-12 Budget Estimates — Part One

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PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

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Parliament of Victoria
Public Accounts and Estimates Committee

Report on the 2011-12 Budget Estimates — Part One

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The Committee's report on the 2011-12 budget estimates will be tabled in three parts.

Part One

Part One includes:

- an analysis of the key aspects of the 2011-12 Budget, including a number of recommendations;
- an index of key matters raised at the budget estimates hearings; and
- details of further information to be provided and questions on notice for each portfolio.

Part Two

Part Two will examine the departmental performance measures in the budget papers, with possible recommendations for improvements. This examination will include a review of the performance measures that the Government has proposed discontinuing or substantially altering in the 2011-12 Budget.

Part Three

Part Three will provide a detailed analysis, including recommendations, relating to the budget estimates for 2011-12 and the forward estimates. The analysis will be based on:

- the budget papers;
- the budget estimates hearings;
- departments' responses to questionnaires from the Committee;
- ministers' responses to questions on notice, requests for further detail and unasked questions; and
- any other relevant material.

Transcripts and questionnaire responses

In previous years, the transcripts of the budget estimates hearings and the departments' responses to the Committee's budget estimates questionnaire were published in the Committee's report. This year, the Committee has decided not to print these in the report, but they are all available online at the Committee's website:

www.parliament.vic.gov.au/paec

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DUTIES OF THE COMMITTEE

The Public Accounts and Estimates Committee is a joint parliamentary committee constituted under the *Parliamentary Committees Act 2003*.

The Committee comprises seven members of Parliament drawn from both Houses of Parliament.

The Committee carries out investigations and reports to Parliament on matters associated with the financial management of the State. Its functions under the Act are to inquire into, consider and report to the Parliament on:

- any proposal, matter or thing concerned with public administration or public sector finances;
- the annual estimates or receipts and payments and other budget papers and any supplementary estimates of receipts or payments presented to the Assembly and the Council; and
- any proposal, matter or thing that is relevant to its functions and has been referred to the Committee by resolution of the Council or the Assembly or by order of the Governor in Council published in the Government Gazette.

The Committee also has a number of statutory responsibilities in relation to the Office of the Auditor-General. The Committee is required to:

- recommend the appointment of the Auditor-General and the independent performance and financial auditors to review the Victorian Auditor-General's Office;
- consider the budget estimates for the Victorian Auditor-General's Office;
- review the Auditor-General's draft annual plan and, if necessary, provide comments on the plan to the Auditor-General prior to its finalisation and tabling in Parliament;
- have a consultative role in determining the objectives and scope of performance audits by the Auditor-General and identifying any other particular issues that need to be addressed;
- have a consultative role in determining performance audit priorities; and
- exempt, if ever deemed necessary, the Auditor-General from legislative requirements applicable to government agencies on staff employment conditions and financial reporting practices.

CHAIRMAN'S FOREWORD

It gives me great pleasure to present the first report from the Public Accounts and Estimates Committee of the 57th Parliament. This is the first of three parts of the Committee's report on the 2011-12 budget estimates.

This Part One provides an overview of the key aspects of this year's budget and an index of each of the 48 public hearings that the Committee held with Victoria's ministers and the Parliament's presiding officers between 6 and 20 May 2011. These hearings, totalling 54 hours, are a key element of the Committee's work ensuring transparency and accountability in government expenditure and revenue. They provide the Committee with the opportunity to explore the Budget in significant detail and uncover information that would not be available for Parliament otherwise.

It is the Committee's and my hope that this report will be useful to Parliament in its consideration of the 2011-12 appropriation bills.

Parts Two and Three of the report will provide a detailed analysis of the 2011-12 Budget. Part Two will look specifically at performance measures within the budget papers. Part Three will explore a variety of other themes in the Budget, bringing together the information in the budget papers, the budget estimates hearings, departments' responses to the budget estimates questionnaire and other research. Parts Two and Three of the report will provide the reader with a better understanding of the Government's intentions for 2011-12 and the outyears, and will identify areas where additional transparency and accountability are warranted.

The Committee has been pleased to see a number of improvements made to the budget papers this year, and it is the Committee's intention to help the Government make further improvements to future budget papers. With that in mind, we have provided a number of recommendations in Chapter 2 of this first part of the report. Additional recommendations in this vein will be provided in Parts Two and Three.

The Committee has a strong commitment to quality and continuous improvement for itself as well as for others. In this year's report, we have included a short survey, which I encourage all readers to complete and return. The results of this survey will help us to better meet the needs of stakeholders in future reports. This year, we have also decided not to print in our report the transcripts of hearings and departments' responses to the budget estimates questionnaire, but only to provide them online. This change will enable both financial and environmental savings.

In conclusion, I would like to sincerely thank the Presiding Officers, Premier, Deputy Premier, Treasurer, Assistant Treasurer, Attorney-General, ministers, departmental secretaries and all of the staff who accompanied or assisted them for the significant amount of work that they put into the public hearings. I would also like to thank the members of the Committee for their time, effort and spirit of cooperation. On behalf of the whole Committee, I would also like to gratefully acknowledge the Committee's secretariat for their hard work preparing this report to a high standard in a short timeframe.



Philip R. Davis MP
Chairman

RECOMMENDATIONS

Recommendation 1:	Future budget papers include a dissection of the major components of estimated revenue to be derived from the provision of services across government to facilitate the Parliament’s analysis of associated revenue trends.	15
Recommendation 2:	Future budget papers include specific commentary on reasons for the main changes between budget forecasts for individual operating expense items and the latest revised forecasts for the previous year.	17
Recommendation 3:	The Government build on initiatives to achieve transparent disclosure of election commitments and associated savings in the budget papers through additional measures to address existing data gaps and improve the quality and clarity of published material on these subjects for the Parliament and other readers. Additional disclosures should include: (a) tabulations breaking down allocations of election commitments and associated savings by department and reconciling departmental allocations with aggregates disclosed elsewhere in the budget papers; (b) the strategies to be followed to achieve all identified savings; and (c) the basis adopted for quantifying each department’s expected contribution to each identified savings source.	21
Recommendation 4:	Action taken by the Government to enhance disclosure of election commitments and related savings targets within the budget papers be matched by equivalent improvements in the reporting of actual savings in its annual financial report and departmental annual reports.. . . .	21
Recommendation 5:	Future budget papers include a consolidated statement identifying the expected sources and application of funding for major natural disasters and the estimated net cost to the Government.	24

Recommendation 6:	The Government apply high standards of transparency and accountability in its global reporting to the Parliament in the annual financial report and in departmental annual reports on the effectiveness of the management of funding allocated in response to the 2010 and 2011 floods.	24
Recommendation 7:	The Government explore avenues for raising the quality and clarity of material on annual asset spending estimates presented in the budget papers. Any enhancements made to the presentation of budgeted asset information should be matched by equivalent improvements to the presentation of actual asset spending in the annual financial report. . . .	27
Recommendation 8:	The Government present in a consolidated manner in future budget papers expanded information on the nature of operating and capital contingencies forming part of the budget, including their role in the budgetary process and the methodology employed for determining their quantification.. . . .	31
Recommendation 9:	The Government present in its future annual financial reports to the Parliament details of drawdowns from contingencies that were made in the financial period.. . . .	31

CHAPTER 1: INTRODUCTION

1.1 Background

The Appropriation (2011/2012) Bill 2011 and the Appropriation (Parliament 2011/2012) Bill 2011 seek authority from the Parliament to draw \$39.2 billion for expenditure by the Government and \$106.5 million for expenditure by the Parliament.

This money will be used to deliver goods, services and asset investments during the 2011-12 financial year. Accompanying the appropriation bills, the Government has submitted to the Parliament a series of budget papers containing estimates for the financial year. These budget estimates are required by the *Financial Management Act 1994* (s.40) to include for each department and the Parliament:

- the goods and services that will be produced or provided;
- the amount available (or to be available), whether appropriated by the Parliament for that purpose or otherwise received; and
- the estimated amount of the receipts and receivables.

The budget papers contain substantial amounts of detail about these matters, as well as related information such as details of the Government's fiscal strategies, the economic context of the Budget and departmental performance measures. The budget papers also provide details of funds that do not require annual parliamentary authority, such as:

- special appropriations where there is continuing authority embodied in specific legislation (\$5.4 billion);¹
- agency revenue credited to appropriations (\$3.7 billion);² and
- unspent appropriations from the prior year carried over to the budget year (\$0.8 billion).³

The funds sought through the appropriation bills are to be drawn from the State's Consolidated Fund. Money in this fund comes primarily from Commonwealth grants, taxation and the sales of goods and services.

The Government estimates that the total revenue from operating transactions will be \$47.4 billion in 2011-12 and the total expenditure from operating transactions will be \$47.3 billion.⁴ It is estimated that \$6.4 billion will be spent on infrastructure by the general government sector in 2011-12.⁵

1 Budget Paper No.5, *2011-12 Statement of Finances*, May 2011, p.201

2 *ibid.*, pp.202-4

3 *ibid.*

4 *ibid.*, p.9

5 Budget Paper No.2, *2011-12 Strategy and Outlook*, May 2011, p.31

1.2 Process followed by the Public Accounts and Estimates Committee for its review of the 2011-12 budget estimates

One of the key functions of the Public Accounts and Estimates Committee, as set out in the *Parliamentary Committees Act 2003* (s.14), is to inquire into, consider and report on the budget estimates and the budget papers. The Committee therefore undertakes such an inquiry each year. The aims of this inquiry include:

- assisting members of Parliament in their consideration of the appropriation bills;
- providing greater understanding of the budget estimates to the Parliament and public;
- promoting clear, full and precise statements of the Government's objectives and planned outcomes in the budget papers; and
- encouraging economical, efficient and effective government administration.

In undertaking this inquiry, the Committee conducts a series of public hearings with the Presiding Officers, Premier, Deputy Premier, Treasurer, Assistant Treasurer, Attorney-General and all ministers. The Committee also sends a questionnaire to all government departments and the parliamentary departments. The Committee uses this information to understand and conduct its analysis of the budget estimates.

The Minister for Finance has also requested that the Committee review the performance measures in the budget papers which the Government has proposed discontinuing or substantially altering. This review will form Part Two of this report.

1.2.1 Public hearings

Shortly after the release of the budget papers, the Presiding Officers, Premier, Deputy Premier, Treasurer, Assistant Treasurer, Attorney-General and all ministers are asked to appear before the Committee. Each person is asked to make brief presentations and answer questions from the Committee for each of their portfolios about the anticipated use of funds sought in the Budget. In 2011, there were 48 public hearings over 54 hours.

Transcripts of the public hearings, presentations and any other documents tabled are on the Committee's website (www.parliament.vic.gov.au/paec). Responses by ministers to any questions on notice, requests for further information or unasked questions will also be published on the Committee's website.

This Part One of the Committee's *Report on 2011-12 Budget Estimates* contains an index of the key matters raised at each hearing.

1.2.2 Departmental budget estimates questionnaire

All government departments and the Parliamentary departments were sent a questionnaire before the public hearings to provide the Committee with additional information about how the Budget affects each department. The 2011-12 budget estimates questionnaire focused on:

- departments' strategic priorities;
- the preparation of the Budget;
- performance measures;

- spending;
- efficiencies;
- asset and output initiative funding;
- revenue initiatives, departmental income and tax expenditures;
- grants from the Commonwealth;
- net debt;
- environmental challenges;
- geographic considerations; and
- staffing matters.

The departments' responses to the questionnaire are published on the Committee's website (www.parliament.vic.gov.au/paec). Information provided in departments' responses will be discussed in Parts Two and Three of the Report.

The Committee notes that some responses to the questionnaire were returned well after the deadline, in some cases providing the Committee with minimal time to consider the responses before the budget estimates hearings. The Committee will discuss this matter further in Part Three of the *Report on 2011-12 Budget Estimates*.

1.2.3 Analysis

An overview of the Budget has been included as Chapter 2 in this Part One of the Report. Parts Two and Three will consist of more detailed analyses of the budget estimates.

1.2.4 Government response to the previous inquiry

The Government's response to recommendations in the Committee's *Report on the 2010-11 Budget Estimates* will be discussed in Part Three of the Report.

1.3 Machinery of government changes

Following the change of Government at the 2010 Victorian State election, a number of machinery of government changes have been made to Government departments. These include:

- the Department of Innovation, Industry and Regional Development has changed its structure and been renamed the Department of Business and Innovation;
- the Regional and Rural Development portfolio has been moved from the former Department of Innovation, Industry and Regional Development to the Department of Planning and Community Development, which also has responsibility for the new Regional Cities portfolio;
- the Senior Victorians portfolio is now the Ageing portfolio and part of the Department of Health rather than the Department of Planning and Community Development;

- the new Higher Education and Skills portfolio, within the Department of Education and Early Childhood Development, covers areas previously part of the Skills and Workforce Participation portfolio within the former Department of Innovation, Industry and Regional Development and responsibilities for the adult community and further education area which were previously within the Department of Planning and Community Development; and
- the Youth Affairs and Women’s Affairs portfolios (along with responsibility for community participation and the Office for Disability), which were previously within Department of Planning and Community Development, are now part of the Department of Human Services.

A number of ministerial portfolios have also been changed, amalgamated or split and several have been created, with the total number of government portfolios increasing from 42 to 47. Table 1.1 compares the portfolios in 2010 with those in 2011.

Table 1.1: Government portfolios in 2010 and 2011

2010 Portfolios	2011 Portfolios
Aboriginal Affairs	Aboriginal Affairs
Agriculture	Ageing*
Arts	Agriculture and Food Security*
Attorney-General	Arts
Children and Early Childhood Development	Assistant Treasurer*
Community Development	Attorney-General
Community Services	Bushfire Response*
Consumer Affairs	Children and Early Childhood Development
Corrections	Community Services
Education	Consumer Affairs
Energy and Resources	Corrections
Environment and Climate Change	Crime Prevention*
Finance, WorkCover and Transport Accident Commission	Education
Financial Services	Employment and Industrial Relations*
Gaming	Energy and Resources
Health	Environment and Climate Change
Housing	Finance*
Industrial Relations	Gaming
Industry and Trade	Health
Information and Communication Technology	Higher Education and Skills*
Innovation	Housing
Local Government	Innovation, Services and Small Business*
Major Projects	Local Government
Mental Health	Major Projects
Multicultural Affairs	Manufacturing, Exports and Trade*
Planning	Mental Health
Police and Emergency Services	Minister responsible for the aviation industry*
Premier	Minister responsible for the establishment of an anti-corruption commission*
Public Transport	Minister responsible for the teaching profession*
Racing	Multicultural Affairs and Citizenship*

2010 Portfolios	2011 Portfolios
Respect Agenda Roads and Ports Regional and Rural Development Senior Victorians Skills and Workforce Participation Small Business Sport, Recreation and Youth Affairs Tourism and Major Events Treasurer Veterans' Affairs Water Women's Affairs	Planning Police and Emergency Services Ports* Premier Public Transport Racing Regional and Rural Development Regional Cities* Roads* Sport and Recreation* Technology* Tourism and Major Events Treasurer Veterans' Affairs Water Women's Affairs Youth Affairs*

Note: * indicates that the portfolio is new or has had a name change since 2010

1.4 Acknowledgement

The Committee thanks the Presiding Officers, Premier, Deputy Premier, Treasurer, Assistant Treasurer, Attorney-General, ministers, departmental secretaries and deputy secretaries, heads of agencies and their accompanying staff for their assistance at the budget estimates hearings and for their work in responding to the budget estimates questionnaire. The Committee also thanks the many ministers who took questions on notice or agreed to provide further information.

1.5 Cost

The cost of this inquiry was approximately \$49,910.

CHAPTER 2: KEY ASPECTS OF THE 2011-12 BUDGET

Summary of key aspects of the 2011-12 Budget:

- 2.1 In its first budget, the Government has highlighted the challenge of maintaining the sustainability of Victoria's financial standing.
- 2.2 The Government's interim measures that have been identified in the Budget will be supplemented by the formulation of longer-term strategic action, reportedly with details likely to be published in the lead up to or within the 2012-13 Budget.
- 2.3 Eleven budget themes underpin the overall direction of the Budget and the Budget's new output and asset funding initiatives.
- 2.4 The Budget forecasts an operating surplus of \$140.4 million in 2011-12 which is in line with the Government's fiscal target of a minimum surplus of \$100.0 million. This forecast is \$731.5 million (84 per cent) lower than the initial budget for 2010-11 and \$109.0 million (44 per cent) lower than the latest revised budget for 2010-11. In each case, the reduction predominantly reflects higher operating expense projections against a backdrop of stabilised revenue levels and a significant fall in the State's forecast share of GST distributions.
- 2.5 The Government states that delivery of the Government's November 2010 election commitments is a specific feature of the Budget. Funding is allocated up to 2014-15 for output commitments totalling \$4.4 billion (which provides for the majority of the Government's output election commitments), and \$1.1 billion for asset commitments (providing for 46 per cent of asset election commitments). The Government has expressed an intention to fully fund the remaining commitments during its current term.
- 2.6 The Government has announced efficiency savings targets totalling \$2.2 billion, allocated across all departments, over the five-year period to 2014-15. These targeted savings have been established by the Government to partly fund its election commitments.
- 2.7 There is scope for any new Government to provide more transparent material in budget papers to address information gaps relating to its election commitments and its election commitment savings.
- 2.8 The Government has stated in the budget papers that the total cost of emergency response, repairs to State-owned assets and support for community recovery arising from the devastating floods in Victoria late in 2010 and early in 2011 is estimated at \$676 million, with \$115 million likely to be recouped by the State from insurance.
- 2.9 The Commonwealth Government has announced in its 2011-12 Budget an intention to provide an advance payment of \$500 million to Victoria for flood reconstruction and recovery.
- 2.10 Net infrastructure investment in the general government sector in 2011-12 is projected to be \$6.1 billion and to average \$4.6 billion over the three-year forward estimates period to 2014-15.

- 2.11** Around 54 per cent of the total projected \$20.0 billion infrastructure program over the four-year period to 2014-15 will be funded from cash operating surpluses. The remainder will be financed through additional borrowings.
- 2.12** The current approach to presentation of the budgeted infrastructure program means that data provided in particular budget papers are not readily reconcilable with related material in other budget papers. This hinders the Parliament's analysis of such an important element of the Budget. While the quantity of presented data is ample, there is scope, from the Parliament's perspective, to enhance its quality.
- 2.13** Net debt in the general government sector is projected to rise from the latest revised level at June 2011 of \$11.9 billion (3.7 per cent of Gross State Product), to \$16.8 billion at June 2012 (5.0 per cent of GSP), to \$20.8 billion by June 2013 (5.9 per cent of GSP) and to \$23.2 billion (5.9 per cent of GSP) by the end of the forward estimates period of June 2015.
- 2.14** The two rating agencies utilised by the Government have issued confirming announcements on the State's AAA credit rating following the 2011-12 Budget.
- 2.15** Significant levels of contingency provisions have been made in the 2011-12 Budget over the four-year period to 2014-15 to cover such matters as programs lapsing, future demand growth and items not formalised at the time of the Budget. With these provisions, the Government has available a buffer of over \$6.7 billion for operating purposes and \$2.7 billion for capital purposes for use without impairing budget projections, including forecast operating results. These contingencies therefore provide significant budgetary flexibility to the Government.

2.1 Introduction

In this introductory chapter to its first report on the budget estimates for 2011-12, the Committee has summarised what it considers to be the principal aspects of the Government's 2011-12 Budget. The Chapter examines the Budget at a high level under the following headings:

- budget setting and key budget themes;
- fiscal target for operating surplus;
- the Government's November 2010 election commitments;
- response to major flooding;
- funding for infrastructure investments; and
- contingency provisions.

The chapter presents the Committee's overview of the above aspects of the Budget with a specific focus, from the Parliament's perspective, on the clarity and transparency of published material.

In several places, the Committee recognises initiatives taken by the Government to improve disclosure in the budget papers. These initiatives include changes made to the structure and

content of the budget documents as a consequence of the change of government following the November 2010 election.

The Committee has made a number of recommendations in the chapter that focus on areas where improvements in the presentation of budget information can be made to assist the Parliament's analysis of the annual budget. These recommendations are designed to assist the Government in achieving its published aim of improving accountability and transparency in its operations and reporting practices.⁶

2.2 Budget setting and key budget themes

2.2.1 Budget setting

The 2011-12 Budget represents the Coalition Government's first budget since it assumed office following the November 2010 election.

Prior to the presentation of the Budget to the Parliament, the following two documents were published containing information relevant to the Government's assessment of the budget setting:

- a *Victorian Economic and Financial Statement* (April 2011), which is a Government document asserting, among other things, that Victoria's fiscal position exhibits a number of underlying weaknesses including:⁷
 - a range of capital projects beset by inadequate management and very significant cost overruns;
 - a rise in public debt to finance capital projects;
 - a reliance on Commonwealth one-off funding; and
 - a pattern of spending growth exceeding revenue growth.

The Statement indicates that these challenges will not be solved overnight but will require ongoing, disciplined management. It signals that they will form the backdrop to the Government's 2011-12 Budget.

The Statement also identifies that, since the *2010-11 Budget Update* was published in December 2010, Victoria has experienced a large reduction in Commonwealth revenue and significant flood repair expenditure and that the budget position will consequently be impacted by:⁸

- a \$2.5 billion reduction in Victoria's goods and services tax (GST) over four years based on the Commonwealth Grants Commission's recommendations;
- a further delay to the Commonwealth's funding contribution to major infrastructure projects such as the Regional Rail Link (\$500 million) and the Victorian Comprehensive Cancer Centre (\$50 million); and

6 Victorian Budget, *2011-12 Budget Overview*, May 2011, p.24

7 Department of Treasury and Finance, *Victorian Economic and Financial Statement*, April 2011, p.1

8 *ibid.*

- *significant repair and reconstruction costs associated with the flood events across Victoria in late 2010 and early 2011.*

The Statement adds that, ‘*Together, these underlying budget weaknesses and external factors amount to an unprecedented impact on the Victorian budget which will exceed \$5 billion.*’⁹

- the *Interim Report* of the Independent Review of State Finances (released in late April 2011), in which the external panel conducting the review concluded that, ‘*a fresh approach to financial management is required if the State’s finances are to be sustainable into the future.*’¹⁰ The panel stated that, ‘*The combined challenges of a deteriorating operating position, inadequate protection against economic shocks, insufficient investment in infrastructure and the recent increase in debt require a thorough re-evaluation of how the State’s finances are managed.*’¹¹ The Panel has developed a comprehensive financial management framework to facilitate this re-evaluation and recommended that the Government adopt the framework for future budgets.

In his message in the *2011-12 Budget Overview*, the Treasurer referred to the challenges identified in the above documents and stated that, ‘*The Coalition is implementing a clear and comprehensive plan to improve Victoria’s finances and foster a stronger, more competitive, growing economy.*’¹²

The budget papers outline the steps that the Government intends to take ‘*to make Victoria’s public finances more sustainable*’, namely:¹³

- *delivery of Government’s commitment to have surpluses of at least \$100 million in each year...;*
- *constraint in expenditure growth, including the delivery of a \$2.2 billion five year package of efficiency savings;*
- *ensuring that debt as a percentage of GSP will stabilise, with net financial liabilities falling as a percentage of GSP by 2014-15, and remaining consistent with retaining Victoria’s triple-A credit rating;*
- *addressing the issue of cost overruns by increasing the Treasurer’s direct involvement in oversight of major projects to provide more rigour in delivery against timelines and budgets; and*
- *emphasising the importance of the Government’s policy of having no wage policy outcomes greater than 2.5 per cent, unless they are funded from productivity gains.*

The budget papers state that further detail on the Government’s fiscal strategy will be provided in the Government’s response to the interim report of the Independent Review of State Finances. The papers also refer to the longer-term challenge of ‘*addressing the budget’s*

9 *ibid*, p.2

10 Independent Review of State Finance, *Interim Report*, April 2011, letter to the Treasurer

11 *ibid*.

12 Victorian Budget, *2011-12 Budget Overview*, May 2011, p.1

13 Budget Paper No.2, *2011-12 Strategy and Outlook*, May 2011, p.25

reliance on temporary grants from the Commonwealth to maintain operating surpluses'. In addition, they indicate that the final report of the Independent Review of State Finances, due in February 2012, will provide advice to the Government on a medium-term strategy to achieve funding of infrastructure spending through operating surpluses, as recommended in the Review's interim report.¹⁴ The final report is expected to provide the context for the 2012-13 Budget *'as the Government moves to shore up the fiscal and economic future of the State.'*¹⁵

From the Committee's viewpoint, the Government has highlighted in its first budget the challenge of maintaining the sustainability of Victoria's financial standing. The Government has flagged that the interim measures identified in the Budget will be supplemented by the formulation of longer-term strategic action, with details likely to be published in the lead up to or within the 2012-13 Budget.

The Committee awaits with interest the more substantive longer-term fiscal strategies foreshadowed by the Government.

2.2.2 Key budget themes

In the *2011-12 Budget Overview*, the Government has identified the following 11 key themes or funding categories that underpin the overall direction of its initial budget and of the Budget's new output and asset funding initiatives:

- strengthening Victoria's finances;
- boosting Victoria's economy;
- flood response;
- cost of living;
- community safety;
- rebuilding our transport system;
- regional and country Victoria;
- health and hospitals;
- education and skills;
- supporting local communities; and
- integrity of government.

This multi-faceted approach to the formulation of budget themes reflects delivery by the Government of its November 2010 election commitments against the background of the financial challenges cited in the two previously mentioned documents published prior to the Budget.

14 ibid.

15 Department of Treasury and Finance, *Victorian Economic and Financial Statement*, April 2011, p.12

The budget papers contain extensive information, as set out below, on new output and asset funding initiatives announced in the 2011-12 Budget:

- the *2011-12 Budget Overview* describes the main new funding initiatives that will be implemented under each budget theme in 2011-12 and beyond;
- the *2011-12 Strategy and Outlook* (Budget Paper No.2) tabulates the aggregate dollar values of new output and asset funding initiatives assigned to each department as well as the aggregate net financial impact of the output funding initiatives;
- the *2011-12 Service Delivery* (Budget Paper No.3) summarises, under departmental headings, the major budgetary initiatives supporting delivery of the Government's election commitments and categorises them according to the output group headings established for each department; and
- the *2011-12 Service Delivery* also brings together all new funding initiatives, including the level of funds allocated in 2011-12 and beyond, under departmental headings, and how each initiative links to the relevant departmental outputs.

It is appropriate for the Committee to also mention that the Government has issued its 2011-12 capital program as a budget paper (Budget Paper No.4). For many years, this program had been published as a budget information paper about five months after each budget in the following October. Last year, the budget information paper was published at the same time as the budget papers but the latest initiative assigns it the status of a budget paper, a move the Committee welcomes.

The Committee also welcomes the inclusion within particular budget papers of details of changes to structure and content compared with the previous year. This approach enhances transparency and assists the Parliament's consideration of the published material under a new government.

2.3 Fiscal target for operating surplus

The Treasurer's April 2011 Economic and Financial Statement identified that a fiscal commitment of the Government is to deliver '*an annual minimum \$100 million budget surplus to help finance necessary infrastructure and services.*'¹⁶

For 2011-12, the Government is forecasting an operating surplus of \$140.4 million in the general government sector in line with this fiscal target. It is also forecasting operating surpluses averaging \$163.8 million over the three-year forward estimates period to 2014-15.¹⁷

Table 2.1 shows the revenue and expense projections for 2011-12 together with the original budget and latest revised forecast for 2010-11.

16 *ibid.*

17 Budget Paper No.2, *2011-12 Strategy and Outlook*, May 2011, pp.25-6

Table 2.1: Revenue and expense estimates for 2010-11 and 2011-12

Operating item	2010-11 Budget	2010-11 Revised Budget	2011-12 Budget
	(\$ million)	(\$ million)	(\$ million)
Revenue	45,759.3	45,438.3	47,439.2
Expenses	44,887.4	45,188.9	47,298.8
Estimated operating surplus	871.9	249.4	140.4

Source: Budget Paper No.2, 2011-12 Strategy and Outlook, May 2011, p.26

Table 2.1 identifies that the budgeted operating surplus for 2011-12 is \$731.5 million (84 per cent) lower than the initial budget for 2010-11 and \$109.0 million (44 per cent) lower than the latest revised budget for 2010-11. In each case, the reduction predominantly reflects higher operating expense projections against a backdrop of stabilised revenue levels. In contrast, the equivalent comparisons between 2009-10 and 2010-11 estimates were increases in the estimated operating surplus of \$642.4 million (280 per cent) and \$477.0 million (121 per cent).

Variations in forward estimates between the two years convey a similar message. For the two forward estimates years common to both budgets, 2012-13 and 2013-14, the estimated operating surplus in the 2011-12 Budget is significantly lower by more than \$1.2 billion compared to equivalent projections presented in the 2010-11 Budget.

With such a sharp turnaround in budget estimates between the two Budgets, the Committee was particularly interested in the Government's assessment of the underlying reasons for such variations and the quality of explanatory coverage incorporated within the budget papers.

The *2011-12 Strategy and Outlook* states that:¹⁸

The downward revision to the operating surplus reflects the deterioration in Victoria's revenue forecasts primarily driven by a reduction in goods and services tax (GST) revenue by \$4.1 billion over five years. The GST shock is similar to that observed during the global financial crisis.

The *2011-12 Budget Overview* further explains the composition of the \$4.1 billion drop in forecast revenue as follows:¹⁹

The Commonwealth Grants Commission's assessment has cut Victoria's share of GST revenue by \$2.5 billion over four years and this has been compounded by a further \$1.6 billion reduction in revenue from softer overall GST receipts. The combined effect of the GST reduction is to cut revenue by nearly \$1 billion a year over the forward estimates.

The following paragraphs summarise explanations included within the budget papers for the main variations in estimates for operating revenue and operating expenses between the 2011-12 Budget and 2010-11 revised budget projections.

18 *ibid.*, p.21

19 Victorian Budget, *2011-12 Budget Overview*, May 2011, p.2

2.3.1 Variations in revenue projections

As shown above in Table 2.1, operating revenue in 2011-12 is expected to total \$47.4 billion, which is \$2.0 billion (or 4.4 per cent) higher than the latest revised estimate for 2010-11 and \$1.7 billion higher than the initial published budget for 2010-11.

The 2011-12 budget papers contain detailed commentary on the underlying movements in these revenue projections.²⁰ The commentary indicates that the estimated revenue growth in 2011-12 is mainly attributable to the following factors:

- an increase of \$510.6 million in taxation revenue;
- an increase of \$519.2 million in grants revenue;
- an increase of \$495.9 million in revenue from sales of goods and services;
- an increase of \$179.6 million in dividends; and
- an increase of \$23.6 million in fines.

The increase of \$510.6 million in taxation revenue

The budget papers show that this increase principally reflects:

- higher payroll tax revenue of \$319.9 million due to higher-than-expected growth in employment and wages;
- overall higher revenue of \$155.9 million from taxes on insurance, mainly reflecting an increase in insurance contributions to fire brigades and in non-life insurance revenue;
- an increase of \$76.3 million in gambling taxes in line with household consumption expenditure growth and the impact of changes to Crown Casino's licence conditions and taxation arrangements; and
- growth of \$56.5 million in motor vehicle taxes attributable to an increasing volume of cars and motorcycles stimulated by improved affordability and an increase in registration fees in line with movements in the CPI.

The above increases are partly offset by decreases in land transfer duty (\$135.1 million) and land tax (\$37.1 million) with the former reduction reflecting:

- lower property market turnover due in part to higher interest rates; and
- the impact of the Government's revenue initiatives under its election commitments to improve housing affordability for first home buyers, eligible seniors and farmers under 35 years of age.

The increase of \$519.2 million in grants revenue

The budget papers explain that this forecast increase arises from:

20 Budget Paper No.5, *2011-12 Statement of Finances*, May 2011, pp.145-73

- higher GST revenue of \$290.6 million ‘driven by a higher national GST pool in 2011-12 compared to 2010-11. The current estimate for 2011-12 GST grants has been revised down by \$811 million since 2010-11 Budget Update.’²¹ (see Section 2.3 above for the reasons cited by the Government for this major downward revision); and
- an increase of \$212.0 million in Commonwealth specific purpose grants for on-passing.

The increase of \$495.9 million in revenue from sales of goods and services

The budget papers indicate that factors contributing to this increase include:

- a one-off impact of payments from the Melbourne Water Corporation previously recognised as revenue in 2009-10 and 2010-11 and to be recognised as revenue in 2011-12 when the desalination plant is commissioned; and
- an increase in inter-sector capital asset charge revenue from VicTrack reflecting revised asset values due to additional capital expenditure.

In a note to each year’s estimated financial statements, the budget papers show a dissection of the estimated revenue to be derived under the categories that generate sales of goods and services for the Government. The revised budget outcomes for these categories for the previous year are also disclosed in a separate section.

The services element of this revenue item is described in the budget papers as ‘provision of services’ and represents the largest revenue component. For example, services revenue is expected to total \$4.4 billion in 2011-12, nearly 68 per cent of expected aggregate revenue from the sales of goods and services.²² It includes third party revenue generated in various sectors of government such as hospitals, TAFE educational institutions and VicRoads. There is no further dissection of the services element in the budget papers beyond the line item description of provision of services.

The Committee considers that disclosure in the budget papers would be enhanced through inclusion of a dissection of the budgeted revenue expected to be derived for the various items comprising the provision of services. Such disclosure would assist the Parliament in its analysis of movements in the levels of expected revenue arising from service provision in the various sectors of the State and facilitate the identification of revenue trends across financial periods. This *ex ante* presentation should be accompanied by equivalent *ex post* disclosures of actual revenue in the Government’s annual financial report.

Recommendation 1: Future budget papers include a dissection of the major components of estimated revenue to be derived from the provision of services across government to facilitate the Parliament’s analysis of associated revenue trends.

21 *ibid.*, p.159

22 *ibid.*, p.25

The increase of \$179.6 million in dividends

The budget papers indicate that dividend revenue to the Consolidated Fund from government authorities is expected to increase by \$179.6 million or 76 per cent in 2011-12. The following explanation for this increase is presented in the budget papers:²³

This is largely due to the deferral of the 2010-11 interim dividends from the metropolitan water businesses into 2011-12. There is potential for the profitability of the metropolitan water businesses for 2010-11 to vary materially from the businesses' forecasts due to a range of factors including climatic conditions (which impact on water usage) and residential land development activity. It is proposed that a single dividend be payable by the metropolitan water businesses in October 2011 in respect of 2010-11, and in the light of their full year results.

This identified change to the usual timing pattern of interim dividend income automatically affects estimates for both the 2010-11 and 2011-12 financial periods, with the latter benefiting from the deferral.

The Committee recognises the rationale for the deferral action, particularly in terms of the major floods of late 2010 and early 2011 and the likely consequential impact on the operations of the water businesses. The Committee also notes that the one-off additional dividend income likely to be received in 2011-12 is greater than the year's forecast operating surplus for the general government sector.

2.3.2 Higher operating expense projections

In recent years, the budget papers have not included explanations for variances between the ensuing year's budget forecasts for items of *operating expense* and the revised estimate for the previous year. In contrast, a whole chapter is devoted to such variations for equivalent *revenue* forecasts.

While significant information is presented in the budget papers on variances in output costs between current budget forecasts and revised previous year outcomes for the numerous departmental outputs, there is virtually no commentary on these variances for the main operating expense classifications that drive departmental output expenditure. The two main expense items, 'employee expenses' and 'other operating expenses' (the former is not dissected), together represent around 70 per cent of the total operating outlays projected for 2011-12.

The budget papers include a brief reference to movements in operating expenses since the original published budget for 2010-11 which states:²⁴

Expenses from transactions are budgeted to be \$45.2 billion for 2010-11, which is an increase of \$301.4 million since the original published budget. Of this movement, \$254.5 million has occurred since 2010-11 Budget Update, mainly driven by additional grants expenditure associated with floods recovery-related payments to local governments, other grants to the Health and Education sectors, and from new government policy decisions. This additional estimated expenditure has been partly offset by a decrease in depreciation expense of \$142 million since

23 *ibid.*, p.157

24 *ibid.*, p.208

the budget update, mainly due to capital program rephasings and lower than expected asset revaluations.

The more detailed commentary on operating expenses in the 2011-12 budget papers addresses comparisons between the 2011-12 estimates and:²⁵

- the expected average movement over the forward estimates period to 2014-15; and
- estimates for 2011-12 presented in the *2010-11 Budget Update* published in December 2010.

The projected growth over the period to 2014-15 for the Government's highest expense item, employee expenses, is expected to average 4.1 per cent a year. The budget papers indicate the year-on-year growth primarily reflects *'the wages costs associated with growth in services required for a growing community, including the delivery of additional police, Protective Services Officers and child protection staff, as well as anticipated increases in the cost of wages in line with the Government's wages policy.'*²⁶

The second largest expense item, 'other operating expenses' (which includes purchases of supplies and services, maintenance outlays and operating lease payments) are projected to grow at 1.5 per cent over the forward estimates period, *'reflecting growing service delivery and service payments related to the State's public transport contracts in the transport sector.'*²⁷

The Committee considers that commentary on the reasons for changes in estimated operating expenses between the latest revised figures for the preceding year and the current budget should be a standard feature of each year's budget papers. While the Committee recognises that information published in each year's budget update includes an explanation of progressive changes to budget forecasts, it considers that the inclusion of commentary on differences between revised operating expense figures for the previous year and the current budget would be consistent with the presentation of changes in revenue estimates and facilitate the Parliament's consideration of expense trends and the underlying causal factors.

Recommendation 2: Future budget papers include specific commentary on reasons for the main changes between budget forecasts for individual operating expense items and the latest revised forecasts for the previous year.

2.4 The Government's November 2010 election commitments

As part of his message in the Budget Overview document, the Treasurer stated that the 2011-12 Budget *'delivers on the Government's election commitments despite challenging financial circumstances.'*²⁸

Election commitments

Chapter 1 of the *Service Delivery* budget paper addresses the Government's November 2010 election commitments. The chapter contains detailed information on the Government's

25 Budget Paper No.2, *2011-12 Strategy and Outlook*, May 2011, pp.28-9, 51-2

26 *ibid.*, p.28

27 *ibid.*, p.29

28 Victorian Budget, *2011-12 Budget Overview*, May 2011, p.1

revenue, output and asset election commitments to be funded over the five year period to 2014-15 (some commitments have been met in 2010-11). Each funded commitment is listed and briefly described under departmental headings and the relevant departmental output groups.²⁹

The *Service Delivery* budget paper identifies that the bulk of revenue and output election commitments will be delivered over the period to 2014-15. It indicates that these commitments have been costed at \$5.21 billion and that funding announced in the Budget for them amounts to \$5.12 billion (\$4.36 billion for outputs and \$0.76 billion for revenue initiatives).³⁰

This budget paper also indicates that asset election commitments amount to \$2.40 billion, with funding totalling \$1.10 billion allocated in the Budget for these commitments over the period to 2014-15.³¹ According to this budget paper, the remaining asset commitments relate to particular capital projects within the responsibility of four departments, namely Education and Early Childhood Development, Health, Justice and Transport. The paper includes a brief description of each outstanding commitment.

The budget papers state that, *‘The remaining output and asset commitments will be fully funded in future budgets during this term of government.’*³²

Election commitment savings

In his Economic and Financial Statement (April 2011), the Treasurer referred to a major savings program that had been developed by the Government. The Statement commented that:³³

Action has been taken immediately to implement a substantial savings agenda to the value of \$1.6 billion over five years. This includes reducing the number of ministerial and media staff, stopping the funding of politically based government advertising and opinion polling, as well as capping head office staffing.

Opportunities are also being identified to improve the efficiency and responsiveness of the government sector through the greater use of competition, better procurement processes and further consolidation of back office functions through the use of shared services. These initiatives will reduce costs and allow greater focus on the quality of frontline services.

This savings agenda is titled ‘Government election commitment savings’ in the service delivery budget paper, which tabulates the savings expected to be generated over the five years to 2014-15 (including 2010-11) according to identified saving sources as set out in below in Table 2.2:

29 Budget Paper No.3, *2011-12 Service Delivery*, May 2011, pp.13-92

30 *ibid*, p.13

31 *ibid*.

32 *ibid*.

33 Department of Treasury and Finance, *Victorian Economic and Financial Statement*, April 2011, p.12

Table 2.2: Savings initiatives

	2010-11	2011-12	2012-13	2013-14	2014-15	5-year total
	(\$ million)					
Reduction of ministerial staff	-3.5	-7.2	-7.4	-7.6	-7.8	-33.5
Media and marketing positions	-9.0	-18.5	-19.0	-19.4	-19.9	-85.8
Consultants	-19.3	-39.9	-40.9	-41.9	-43.0	-185.0
Government advertising	-26.7	-55.0	-56.4	-57.8	-59.1	-255.0
Political opinion polling	-0.1	-0.2	-0.2	-0.2	-0.3	-1.0
External legal advice	-7.3	-15.0	-15.4	-15.8	-16.1	-69.6
Senior public service travel	-0.3	-0.5	-0.5	-0.5	-0.5	-2.3
Government office floor space	0.0	0.6	-10.9	-11.2	-11.5	-33.0
Supplies and consumables	-74.1	-157.3	-160.0	-163.6	-167.3	-722.3
Promoting shared services	-9.5	-9.8	-10.0	-10.3	-10.6	-50.2
Capping head office staff	-13.8	-28.2	-28.9	-29.7	-30.4	-131.0
Total election commitment savings	-163.6	-331.0	-349.6	-358.0	-366.5	-1,568.7

Source: Budget Paper No.3, 2011-12 Service Delivery, May 2011, p.92

Each department's share of the aggregate savings of \$1.6 billion is presented in the budget paper as a single line item deduction from the aggregate cost of new funding initiatives.

As well as these savings, in his budget speech, the Treasurer identified that one of the important steps taken by the Government in response to the challenges it had encountered when framing the 2011-12 Budget involved:³⁴

Achieving an additional \$600 million in efficiency savings from government departments, bringing the total value of savings delivered in this budget to \$2.2 billion over five years.

The budget papers briefly refer to the specific impetus for these additional savings linking their need to the '\$4.10 billion reduction in Victoria's GST revenue over five years'.³⁵ Each department's share of the additional savings is presented in the service delivery budget paper as a single line item deduction from the aggregate cost of the department's new output funding initiatives described as 'Measures to offset the GST reduction'. The line item amounts add to \$638 million, bringing the total targeted savings to the \$2.2 billion over the five years to 2014-15, as cited by the Treasurer in his Budget Speech.

34 Budget Paper No.1, 2011-12 Treasurer's Speech, May 2011, p.3

35 Budget Paper No.3, 2011-12 Service Delivery, May 2011, p.13

Scope to further enhance presentation of election commitments and targeted savings in future budget papers

The Committee considers the presentation within the budget papers of the Government's revenue, output and asset election commitments and the allocation of funding over the five years to 2014-15 is comprehensive and would be informative to readers. Chapter 1 of the service delivery paper devotes 79 pages to descriptions of commitments and funding allocations falling within the management responsibility of each department.

The Committee also welcomes the inclusion within the service delivery document of the tabulation of aggregate election commitment savings over the Budget's forecast period and the identification of the elements of government administration that have been identified as the target areas for savings.

The Committee considers, however, there is scope to enhance the overall presentation of election commitments and targeted savings in future budget papers:

For the published election commitments:

- the budgeted output and asset election commitments presented under departmental headings are not brought together in a tabulated form to enable readers to identify in summary form the spread of budgeted election commitments across the general government sector and to reconcile the sum of the departmental allocations with the aggregate figures cited in the introductory narrative of chapter 1 of the service delivery budget paper. Readers are left to undertake this task. For both output and asset commitments, the Committee found that the figures shown under departmental headings do not match the published aggregates. The Committee considers a tabulation which summarises the departmental allocations and reconciles with published aggregates should be included in all future budget papers addressing the Government's election commitments.

For the published election commitment savings:

- each department's share of the targeted sources of savings such as consultants, government advertising, capping head office staff, supplies and consumables etc. is not disclosed and should be;
- a comparison of each department's share of the aggregate targeted savings across the five years to 2014-15 is currently not available to readers, who have to do their own tabulation to undertake such comparison;
- there is an absence of information on the methodology used for quantifying each department's share of targeted savings – tabulated data compiled by the Committee show that savings allocated to individual departments vary significantly, and these variations are not explained;
- the nature of measures to be implemented to achieve the additional savings of \$600 million following a reduction of GST revenue, which were announced in the Budget to build on the target of \$1.6 billion identified by the Treasurer prior to the Budget, is currently not disclosed in the budget papers; and
- there is no reference in the budget papers to efficiency savings targets totalling \$341.4 million assigned to departments in 2011-12 under previous budgets and

whether these savings have been subsumed within the new savings targets or remain as published in previous years.

The Committee considers that the presentation in budget papers of efficiency strategies announced by governments should clearly identify the areas of public administration targeted in the strategies (as is the case in the current Budget for the savings of \$1.6 billion but not the additional \$600 million) as well as the level of expected savings to be generated by each department for each identified source. The published material should also disclose the basis adopted within the budgetary process for quantifying each department's contribution so that the Parliament and other readers can be assured that arbitrary allocations have not been made and the quantification reflects the specific characteristics of each department's structure and operations and the organisation's capacity to achieve efficiency gains.

These elements of the presentation of targeted savings within budget papers should be matched by equivalent improvements in the reporting of actual savings within the Government's annual financial report and in the annual reports of departments. The *ex post* data should ideally include details of management action taken within departments to generate assigned savings, incorporating information on any programs or services that were either deferred or discontinued as a consequence of the demand placed on the organisation and its resources.

Recommendation 3: **The Government build on initiatives to achieve transparent disclosure of election commitments and associated savings in the budget papers through additional measures to address existing data gaps and improve the quality and clarity of published material on these subjects for the Parliament and other readers. Additional disclosures should include:**

- (a) **tabulations breaking down allocations of election commitments and associated savings by department and reconciling departmental allocations with aggregates disclosed elsewhere in the budget papers;**
- (b) **the strategies to be followed to achieve all identified savings; and**
- (c) **the basis adopted for quantifying each department's expected contribution to each identified savings source.**

Recommendation 4: **Action taken by the Government to enhance disclosure of election commitments and related savings targets within the budget papers be matched by equivalent improvements in the reporting of actual savings in its annual financial report and departmental annual reports.**

2.5 Response to major flooding

Victoria has experienced significant losses to life, property and infrastructure from climatic extremities in recent years. Prolonged serious drought followed by major flooding in the Gippsland region and, in turn, by intensive and devastating bushfires have, since 2006, necessitated large financial outlays by government for unplanned infrastructure works and business and community support services.

This pattern of extreme climatic occurrences continued late in 2010 and early in 2011 with major flooding across large areas of the State. The budget papers indicate that the floods ‘affected more than 20 per cent of the State, including 5 000 people in 83 towns.’³⁶

As mentioned in Section 2.2 above, the Government has identified ‘flood response’ as one of its themes underpinning the direction of new funding within the 2011-12 Budget.

Details of individual output and asset funding allocations for the Government’s flood response over the five-year period to 2014-15, which includes 2010-11, are presented as government-wide initiatives in the service delivery budget paper.³⁷ There are 38 special government-wide allocations with aggregate funding totalling \$426.5 million made up of \$329.0 million in output initiatives and \$97.5 million in asset initiatives.

For both output and asset initiatives, well over 90 per cent of funding has either already been expended in 2010-11 or will be expended in 2011-12, which illustrates the urgency of the recovery and repair tasks faced by the Government. This urgency was identified by the Treasurer in his April 2011 Economic and Financial Statement when he stated that the Government ‘stepped in at an early stage to support economic activity in affected towns and to assess the damage to infrastructure.’³⁸

In terms of anticipated costs arising from the floods, the Treasurer indicated in his April 2011 Economic and Financial Statement that:³⁹

The gross cost of responding to flood damage is being assessed, and will be fully outlined by the Government in the lead up to the 2011-12 budget. The costs will include repairs to roads, hospitals, levees, a range of community infrastructure and natural assets on public land.

Some of these funds will be recovered through insurance, as well as through the National Disaster Relief and Recovery Arrangements. However, there will be a significant net contribution from the Victorian Government, which is committed to ensuring that those local communities affected are assisted through asset repair and ongoing strategies to retain their economic independence.

The budget overview document states that the total cost of emergency response, repairs to state-owned assets and support for community recovery arising from the devastating floods in Victoria late in 2010 and early in 2011 is estimated at \$676 million with \$115 million likely to be recouped from insurance.⁴⁰ These figures indicate an overall net cost to the Government of

36 Victorian Budget, *2011-12 Budget Overview*, May 2011, p.6

37 Budget Paper No.3, *2011-12 Service Delivery*, May 2011, pp.94-101

38 Department of Treasury and Finance, *Victorian Economic and Financial Statement*, April 2011, p.11

39 *ibid.*

40 Victorian Budget, *2011-12 Budget Overview*, May 2011, p.6

\$561 million. However, the budget papers do not reconcile this assessed net cost with the total of \$426.5 million listed as government-wide funding allocations in response to the floods.

The budget papers also do not separately identify the level of expected financial assistance from the Commonwealth Government for the 2010 and 2011 floods under national disaster relief and recovery arrangements. The papers show that natural disaster relief funding from the Commonwealth Government totalling \$515.0 million is expected to be received in 2011-12 compared with a revised estimate of \$83.6 million in 2010-11.⁴¹ The papers state that the increase of \$431.4 million in expected Commonwealth natural disaster funding in 2011-12 *'is driven by an increase in claims following recent extreme weather conditions, particularly bushfires and floods.'*⁴²

Subsequent to the State Budget, the Commonwealth identified in its 2011-12 Budget that:⁴³

The Commonwealth has also announced its intention to provide an advance payment of \$500.0 million to Victoria for flood reconstruction and recovery in that State.

The Committee considers that inclusion within the budget papers of a statement quantifying the expected sources and application of funds for natural disasters and the likely net cost to the Government would assist the Parliament in analysing this component of a budget.

Ten of the State's 11 departments have been allocated funding under the government-wide initiatives for specific flood purposes, highlighting the spread of management responsibility across the public sector for flood response and recovery actions.

The main government-wide funding initiatives, in dollar terms, for the Government's flood response, as listed in the budget papers, are:

- *Repair of flood damage to arterial roads*, to be managed by the Department of Transport – output funding of \$121.5 million;
- *Restoring and reopening Victoria's Parks*, to be managed by the Department of Sustainability and Environment – total funding of \$60.2 million comprising \$45.7 million for asset outlays and \$14.5 million for output spending;
- *Exceptional disaster assistance for primary producers, small and medium businesses*, to be managed by the Department of Treasury and Finance – output funding of \$34.5 million;
- *Flood recovery and repair on public land*, to be managed by the Department of Sustainability and Environment – total funding of \$34.0 million made up of \$29.4 million for asset outlays and \$4.6 million for output spending;
- *Flood recovery community infrastructure fund*, to be managed by the Departments of Sustainability and Environment and Planning and Community Development – output funding of \$30.0 million;

41 Budget Paper No.5, *2011-12 Statement of Finances*, May 2011, p.162

42 *ibid.*, p.168

43 Commonwealth Government, *Budget Paper No.3 2011-12, Australia's Federal Relations*, May 2011, p.9

- *Repair of flood damage to the regional rail network*, to be managed by the Department of Transport – output funding of \$20.4 million; and
- *Goulburn-Murray irrigation district flood recovery and floodplain restoration*, to be managed by the Department of Sustainability and Environment – total funding of \$17.5 million comprising \$10.6 million for asset outlays and \$6.9 million for output spending.

There are many other allocations that are smaller in dollar terms but highly important in assisting flood-affected businesses, farmers and residents in their recovery efforts. Such allocations include psychosocial support measures, assistance for regional tourism, interim accommodation plans, disease control, community and business recovery funds and local government clean-up works.

The Committee considers that the unforeseen demands placed on governments when responding to major natural disasters and their impact on state-owned assets, businesses and the community necessitate high standards of management and comprehensive external reporting of attained results.

The Committee therefore looks forward to transparent reporting by the Government to Parliament on its management of flood response funding and the level of effectiveness in achieving the various expected recovery and repair outcomes. Such reporting should include a standard presentation format to be used by each department for reporting in its annual report on its performance in meeting targeted outcomes. The departmental reporting should be accompanied by a whole-of-government special-purpose accountability statement incorporated in the Government's annual financial report over the next few years.

Recommendation 5: Future budget papers include a consolidated statement identifying the expected sources and application of funding for major natural disasters and the estimated net cost to the Government.

Recommendation 6: The Government apply high standards of transparency and accountability in its global reporting to the Parliament in the annual financial report and in departmental annual reports on the effectiveness of the management of funding allocated in response to the 2010 and 2011 floods.

2.6 Funding for infrastructure investments

2.6.1 Level of net estimated infrastructure investment

The 2011-12 budget papers show that net infrastructure investment in the general government sector in 2011-12 is projected to be \$6.1 billion and to average \$4.6 billion over the three-year forward estimates period to 2014-15.⁴⁴ The estimated proceeds from asset sales are deducted from the gross forecast expenditure on approved capital projects to arrive at this net investment figure.

44 Budget Paper No.2, *2011-12 Strategy and Outlook*, May 2011, p.31

Table 2.3 shows the projected percentage movements for the level of funding of the net investment in fixed assets available from cash operating surpluses, after adding back non-cash items such as depreciation, over the period to 2014-15. These movements have been computed by the Committee from the data included in the budget papers.

Table 2.3: Forecast percentage of projected infrastructure program funded from cash operating surpluses, 2011-12 to 2014-15

Item	2011-12 (\$ million)	2012-13 (\$ million)	2013-14 (\$ million)	2014-15 (\$ million)	Total (\$ million)
Net operating cash flow (a)	2,482.3	2,779.2	2,880.9	2,692.0	10,834.4
Total net investment in fixed assets (b)	6,143.5	5,892.1	4,114.4	3,865.0	20,015.0
	(%)	(%)	(%)	(%)	(%)
Percentage of (a) over (b)	40.4	47.2	70.0	69.7	54.1

Source: Percentages calculated by Committee from data in Budget Paper No. 2, 2011-12 Strategy and Outlook, May 2011, p.31

These percentage movements indicate that around 54 per cent of the total projected \$20.0 billion infrastructure program to 2014-15 will be funded from cash operating surpluses. The remainder will be financed through additional borrowings. The equivalent estimated percentage of funding from operating surpluses identified in last year's budget was a higher 74 per cent.⁴⁵ The fall in percentage mainly reflects the new Government's expectation of lower operating surpluses over the forward years than the previous forecasts.

The 2011-12 budget papers explain that the estimated reduction in the cost of the infrastructure program over the period to 2014-15 takes into account an expected easing of the Commonwealth Government's stimulus funding.⁴⁶

Information on the composition of the State's infrastructure investment program in the general government sector is spread across the various 2011-12 budget papers. For example:

- the *2011-12 Strategy and Outlook* (Budget Paper No.2) identifies the forecast net cash investment in fixed assets and shows the estimated aggregate new asset funding for each department in 2011-12, totalling \$596.4 million, and the related total estimated investment (TEI) of \$1.7 billion;
- the *2011-12 Service Delivery* (Budget Paper No.3) details each new asset funding initiative under departmental headings and the allocation of funding for each initiative across forward years to 2014-15. The funding estimates identify the projected aggregate cost of the Government's asset election commitments to be managed by each department, with the details of such commitments presented in a separate section of the document;
- the *2011-12 State Capital Program* (Budget Paper No.4) – which, in a positive move by the Government, is presented as a budget paper – provides information on all key infrastructure projects in the general government sector and those projects managed by public non-financial corporations. It lists individual new and existing capital projects and shows their TEI, estimated expenditure to 30 June 2011, estimated

45 Public Accounts and Estimates Committee, *Report on the 2010-11 Budget Estimates – Part One*, May 2010, p.16

46 Budget Paper No.2, *2011-12 Strategy and Outlook*, May 2011, p.31

expenditure in the ensuing 2011-12 budget year and remaining expenditure. The aggregate spending details differ from those presented in other budget papers because of threshold conventions, with the published information relating only to projects in the general government sector with a TEI equal to or in excess of \$250,000⁴⁷; and

- the *2011-12 Statement of Finances* (Budget Paper No.5) identifies within each department's projected financial statements the expected payments for non-financial assets in 2011-12. As mentioned in the capital program budget paper, these financial estimates may differ from the material published in that document because of the applied threshold conventions.⁴⁸

The Committee considers that this scattered approach to the presentation of the budgeted infrastructure program, with data recorded in particular budget papers not readily reconcilable with related material in other budget papers, hinders the Parliament's analysis of such an important element of the Budget. While the quantity of presented data is ample, there is scope, from a user's perspective, to enhance its quality.

The Committee advocates that the Government examine opportunities for making the presentation of the annual infrastructure program in the budget papers more user-friendly to Parliament and other readers. The aim should be to present asset spending estimates on a consistent basis throughout the budget papers, with readers able to readily identify the key components of the annual program, dissected according to new and ongoing allocations, with each budget paper reconciling with related material in other papers. In addition, budgeted asset expenditure estimates should be accompanied by information disclosing the sources of funding with a breakdown between Commonwealth contributions and State allocations.

In his April 2011 Economic and Financial Statement, the Treasurer flagged that a key element of the Government's fiscal strategy involved:⁴⁹

... introducing more rigorous oversight by the Department of Treasury and Finance to ensure major projects are delivered on time and on budget in order to prevent future cost overruns of the breadth and magnitude of those inherited from the previous government.

The Committee was informed at its budget estimates hearing that a high-risk, high-value unit had been established in the Department of Treasury and Finance which will adopt more rigorous central oversight of high-risk, high-value infrastructure projects. The unit's role was described as:⁵⁰

... a process where Treasury will be much more involved in the rigour around strategic assessment of the investment in the first place, business cases, the right procurement approach, the right project team and governance arrangements to be put in place and for the Treasurer to have at those points the ability to decide whether or not he is happy with the business case, for example, and whether that goes forward to BEREC for funding consideration. That process will then proceed through the tendering or the expression of interest to the market, the tendering

47 Budget Paper No.4, *2011-12 State Capital Program*, May 2011, p.5

48 *ibid*, p.9

49 Department of Treasury and Finance, *Victorian Economic and Financial Statement*, April 2011, p.11

50 Mr J. Fitzgerald, Department of Treasury and Finance, 2011-12 budget estimates hearing for the Treasurer's portfolio, transcript of evidence, 6 May 2011, p.29

approach and the final decision together with the responsible portfolio minister. We are building a lot more rigour, particularly around the front end of investment to try and improve the quality of the outcome, both in terms of time and cost.

The budget papers refer to this strategy, which will have particular emphasis on high-value and high-risk capital projects.⁵¹ The Committee suggests the Government may wish to consider extending the ambit of this strategy, with its focus on capital projects, to incorporate identification of avenues for enhancing the presentation of information relating to the annual infrastructure program in its future budget papers and future annual financial reports.

Recommendation 7: The Government explore avenues for raising the quality and clarity of material on annual asset spending estimates presented in the budget papers. Any enhancements made to the presentation of budgeted asset information should be matched by equivalent improvements to the presentation of actual asset spending in the annual financial report.

2.6.2 Net debt projections

Net debt is defined in the budget papers as:⁵²

The sum of borrowings and deposits held and advances received less the sum of cash and deposits, advances paid, and investments, loans and placements.

The budget papers show that general government net debt is projected to rise from the latest revised level at June 2011 of \$11.9 billion to \$16.8 billion at June 2012, to \$20.8 billion by June 2013 and to \$23.2 billion by the end of the forward estimates period of June 2015.⁵³

As a percentage of Gross State Product (GSP), general government net debt is expected to increase from 3.7 per cent at June 2011 to 5.0 per cent at June 2012 and to 5.9 per cent by June 2015.⁵⁴ The budget papers state that:⁵⁵

Net debt is expected to increase by 30 June 2013 but stabilise as a proportion of GSP thereafter. This increase is higher than expected at the time of the 2010-11 Budget Update, reflecting the significant revenue shock associated with the Commonwealth Grants Commission's recommended decrease in Victoria's share of the total GST pool, slower growth in the overall GST pool and a larger capital program funded through borrowing. The measures taken in this budget take the necessary steps towards placing the State's finances on a more secure and sustainable footing.

51 Budget Paper No.4, *2011-12 State Capital Program*, May 2011, pp.2-4

52 Budget Paper No.2, *2011-12 Strategy and Outlook*, May 2011, p.33

53 *ibid.*

54 *ibid.*

55 *ibid.*

These comments can be considered in conjunction with the reference in the Treasurer's April 2011 Economic and Financial Statement that one of the Government's important fiscal commitments involves 'moving to a sustainable level of public debt over time, and maintaining a triple-A credit rating.'⁵⁶ The Treasurer further elaborated on this point at the Committee's estimates hearing, the transcript of which can be found on the Committee's website.⁵⁷

For the non-financial public sector, net debt is estimated to be \$20.4 billion at June 2011 (6.4 per cent of GSP) rising to \$38.6 billion (9.9 per cent of GSP) by June 2015.⁵⁸

With regard to any impact on Victoria's current credit rating from the 2011-12 Budget, Standard & Poor's issued a bulletin on the day of the Budget's release identifying that its AAA credit rating on Victoria is not immediately affected by the Government's announcement of its 2011-12 Budget. In the bulletin, the agency stated:⁵⁹

While budgetary performance is somewhat weaker than forecast at the time of the Dec. 21, 2010, mid-year budget update, due primarily to lower GST transfers from the Commonwealth of Australia..., Standard & Poor's expects savings measures to partly mitigate the impact of these lower revenues. As a result, Standard & Poor's expects the general government to record accrual operating surpluses while the non-financial public sector will record small accrual operating deficits over the forward estimates period. Gross debt is forecast to rise modestly through the budget year and forecast period, with non-financial public sector net financial liabilities peaking at about 112% of operating revenues next year. Standard & Poor's considers that the state has the capacity to carry this increased debt burden at the current rating level.

Moody's also issued a confirming announcement on 4 May 2011, which stated that 'Victoria's Aaa rating is stable and is unlikely to change with the release of its 2011/12 budget' and that:⁶⁰

As part of our normal monitoring process, we intend to conduct an in-depth analysis of the budget and its medium-term impact on the state's financial and debt profile. However, the budget projects deterioration in Victoria's financial results for 2011/12 and over the medium term.

... less-positive trends reflect slower-than-anticipated growth in GST-backed commonwealth revenues, which is due to a reduction [in] the state's share of equalization grants implemented as part of the 2011 Grants Commission Review. However, the state's financial performance also reflects a higher level of current expenditures related to the election commitments of a new administration as well as a planned increase in capital spending. ...

56 Department of Treasury and Finance, *Victorian Economic and Financial Statement*, April 2011, p.12

57 Mr K. Wells MP, Treasurer, 2011-12 budget estimates hearing, transcript of evidence, 6 May 2011, p.16

58 Budget Paper No.2, *2011-12 Strategy and Outlook*, May 2011, p.44

59 Standard & Poor's, 'Ratings on Australia's State of Victoria unchanged after State Budget announcement', 3 May 2011

60 Moody's Investors Service, 'Announcement: Moody's comments on State of Victoria's 2011/12 Budget', 4 May 2011

Given the state's historically prudent financial and debt management practices which have led to its positive financial position, we believe that the state will implement the necessary reforms to produce better-than-projected outcomes.

It can be seen that both rating agencies have expressed in their announcements a level of confidence on the State's capacity to bring about, in the light of issues on expenditure levels and rising debt raised in the Budget, sustainable financial and economic outcomes which are consistent with the current AAA credit rating. The Committee intends to direct particular attention in its future budget estimates and budget outcomes reports to the nature of future medium to long-term fiscal strategies announced by the Government and the effectiveness of their implementation over time in producing sustainable financial and economic outcomes.

2.7 Contingency provisions

Contingency provisions available to the Government in the general government sector, as presented in the 2011-12 budget papers, fall into three categories, namely:

- contingencies for unallocated operating expenses;
- contingencies for unallocated capital spending; and
- the year's contingency provision available as an Advance to the Treasurer to meet urgent claims proposed in the Appropriation (2011/2012) Bill 2011.

These provisions provide a buffer to a government in the event of significant unforeseen events so that the underlying budget setting and forecast budget outcomes including operating results can be protected.

The dissection of budgeted operating expenses by departments presented in Note 12 to the 2011-12 Estimated Financial Statements discloses that 'Contingencies not allocated to departments' are estimated to total \$342.2 million in 2011-12 as part of a total of \$6.0 billion for the four year period to 2014-15.⁶¹ An explanatory note states that this contingency:

...includes a provision for programs lapsing, future demand growth, departmental underspending and items not yet formalised at the time of publication.

For the second contingency category, unallocated capital spending, the contingency provision is presented in the strategy and outlook budget paper as a 'capital provision approved but not yet allocated' amounting to \$2.7 billion over the three year period 2012-13 to 2014-15 (nil in 2011-12).⁶² This provision forms part of the computation of estimates for the net cash investment in fixed assets which, as described in the Committee's earlier commentary on infrastructure funding, is projected to be financed over the four-year period to 2014-15 by a combination of operating cash surpluses and increases in net debt.

The third form of contingency provision in 2011-12, an advance to the Treasurer, is proposed in the Appropriation (2011/2012) Bill 2011 currently before the Parliament to meet urgent claims that may arise before Parliamentary sanction is obtained. The proposed 2011-12 estimate which forms part of the appropriation for the Department of Treasury and Finance is \$779.1 million.

61 Budget Paper No.5, *2011-12 Statement of Finances*, May 2011, p.31

62 Budget Paper No.2, *2011-12 Strategy and Outlook*, May 2011, p.31

In Table 2.4, the Committee has brought together the three contingency items and shows their estimated provision over the four year period to 2014-15.

Table 2.4: Contingency items within the 2011-12 Budget and Appropriation Bill

Contingency item	2011-12 (\$ million)	2012-13 (\$ million)	2013-14 (\$ million)	2014-15 (\$ million)	Total (\$ million)
<i>Output contingencies</i>					
Output contingencies not allocated to departments ^(a)	342.2	1,398.1	1,815.4	2,422.5	5,978.2
Advance to the Treasurer to meet urgent claims that may arise before Parliamentary sanction ^(b)	779.1	-	-	-	779.1
Total ^(b)	1,121.3	1,398.1	1,815.4	2,422.5	6,757.3
<i>Asset contingencies</i>					
Capital provision approved but not yet allocated ^(c)	-	394.3	489.1	1,865.0	2,748.4

Sources: (a) *Budget Paper No.5, 2011-12 Statement of Finances, May 2011, p.31*

(b) *Appropriation (2011/2012) Bill 2011, page 16 of Schedule 1. The total shown is a minimum figure as, based on past practice, a similar provision would be made for each year beyond 2011-12.*

(c) *Budget Paper No.2, 2011-12, Strategy and Outlook, May 2011, p.31*

In effect, if the budget fundamentals remain unchanged during the forecast period to 2014-15, the Government has available a buffer of over \$6.7 billion for operating purposes and \$2.7 billion for capital purposes for use without impairing budget projections, including operating results. These contingencies therefore provide significant budgetary flexibility to the Government.

The Committee recognises that it is difficult to be precise on what constitutes an appropriate level of contingency provision available to a government over any budget and forward estimates period. On the one hand, it can be argued that adequate allowance for contingencies in budget estimates is a fundamental component of sound risk management in order to provide a buffer against the impact of unforeseen occurrences such as bushfires and floods, as experienced in Victoria in recent years, or changes in global or local economic conditions. The counter argument is that excess reserve provisions in budgets should be avoided with freed up funds allocated to key services on behalf of the community.

The Committee does not favour a view one way or the other on the ideal quantum of contingency provisions. Rather, it holds the view that the management of contingencies is a significant element of a government's fiscal responsibilities. It considers that there should be maximum transparency and accountability in communications to the Parliament concerning the role of contingencies in the budgetary process and the basis adopted for their quantification. The latter should incorporate details of the methodology utilised in calculating the level of both operating and capital contingencies.

Given the magnitude of the current contingency provisions and the limited explanatory information on contingencies incorporated annually in the budget papers, the Committee advocates that the presentation of narrative and tabular information on contingencies be presented in a consolidated form within the budget papers and be structured in a way that assists the Parliament's analysis of contingencies and their underlying purpose within the subject budget. This prospective information should be matched by detailed retrospective

reporting to Parliament in the Government's annual financial report of the drawdowns from contingencies that were made in the financial period.

Recommendation 8: **The Government present in a consolidated manner in future budget papers expanded information on the nature of operating and capital contingencies forming part of the budget, including their role in the budgetary process and the methodology employed for determining their quantification.**

Recommendation 9: **The Government present in its future annual financial reports to the Parliament details of drawdowns from contingencies that were made in the financial period.**

CHAPTER 3: DEPARTMENT OF BUSINESS AND INNOVATION HEARINGS

3.1 Introduction

The Department of Business and Innovation is responsible for the administration of the following portfolios:

- Employment and Industrial Relations;
- Innovation, Services and Small Business;
- Major Projects;
- Manufacturing, Exports and Trade;
- Minister responsible for the aviation industry;
- Technology; and
- Tourism and Major Events.

3.2 Key budget themes for 2011-12

The Department advised the Committee that the key strategic priorities underpinning the 2011-12 Budget are:⁶³

- *exports – create economic opportunity for Victorian businesses by providing export development assistance in relation to product, financing, marketing and logistics;*
- *industry assistance – support businesses to maximise job growth, business growth and commercial opportunities;*
- *manufacturing – work with the Victorian Competition and Efficiency Commission (VCEC) to develop a strategy to support the manufacturing sector;*
- *streamline employment programs with a focus on youth and indigenous jobseekers and skilled migration; and*
- *regulation reform – tailor regulation to limit the impact on business.*

The Department explained that these priorities are in line with the objectives (outcomes) that the Department aims to achieve:⁶⁴

- *supply low cost information and assistance to **Victorian businesses so they are better placed to start-up, export and grow;***

63 Department of Business and Innovation, response to the Committee's Budget Estimates Questionnaire – Part A, received 28 April 2011, p.2

64 *ibid.*

- *provide market intelligence and assistance to organisations to make it easy to invest and to promote **Victoria as an attractive place to invest**;*
- *create awareness campaigns to encourage **more tourists to visit Victoria**;*
- *identify industry requirements for skilled workers and assist businesses in accessing skilled workers from overseas to align the **skills base to better meet industry needs**; and*
- *support organisations to undertake collaborative research so **knowledge is created and innovation stimulated**.*

3.3 Major priority shifts for 2011-12

The Department indicated that, compared to the previous budget:⁶⁵

The Department's priorities for 2011-12 reflect the Government's sharper focus on creating economic opportunities to stimulate job and business growth, support the manufacturing sector and implement regulation reform that tailors regulation to limit the impact on business.

3.4 Employment and Industrial Relations portfolio

3.4.1 Introduction

The Committee received evidence from the Hon. Richard Dalla-Riva MLC, Minister for Employment and Industrial Relations, on 20 May 2011. The Minister provided an overview of the Employment and Industrial Relations portfolio at the start of the hearing, assisted by Howard Ronaldson, Secretary; Matt O'Connor, Deputy Secretary, Workforce Victoria; Yossi Goldfarb, Manager, Workforce Participation Programs; and Jim Strilakos, Chief Financial Officer, Department of Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

3.4.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Employment and Industrial Relations portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 3.4.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

3.4.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.6-7) and the following (page numbers refer to the transcript on the Committee's website):

65 *ibid.*, p.3

- future funding arrangements for *JobWatch* (pp.7-11);
- purpose of the new job bank registry (p.11);
- productivity savings in public sector service-based occupations (p.11);
- cost of ‘red tape’ to business (pp.12-13);
- entry and retention of women in the workforce (pp.13-17);
- projected employment trends in rural and regional Victoria (p.17); and
- ministerial meetings with organisations that represent employees and employers (pp.17-19).

3.4.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee’s website (www.parliament.vic.gov.au/paec).

3.4.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing, but a number of unasked questions from the Committee will be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee’s website.

3.5 Innovation, Services and Small Business portfolio

3.5.1 Introduction

The Committee received evidence from the Hon. Louise Asher MP, Minister for Innovation, Services and Small Business, on 16 May 2011. The Minister provided an overview of the Innovation, Services and Small Business portfolio at the start of the hearing, assisted by Howard Ronaldson, Secretary; Randall Straw, Deputy Secretary, Innovation and Technology; Jim Strilakos, Chief Financial Officer; and Roger Arwas, Executive Director, Small Business Victoria, Department of Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

3.5.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Innovation, Services and Small Business portfolio. Transcripts of the hearing are provided on the Committee’s website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 3.5.4) are also available on the Committee’s website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee’s website.

3.5.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

Savings and efficiency measures

- composition of budget saving measures (pp.4-6);
- Business Development Program (pp.6-7); and
- Victorian government business offices (p.17).

Large projects

- the Office of the Lead Scientist and support for the synchrotron (pp.8-9); and
- completion of the Olivia Newton-John Cancer and Wellness Centre – Stage 2b (pp.9-10).

Assistance to businesses and industries

- assistance to businesses affected by the floods (p.6);
- improving trade performance (pp.7-8);
- rationale for not funding the Victorian design action plan (p.10);
- the screen industry (pp.10-11);
- support for small business (pp.11-12);
- small and medium enterprise research and development projects underway (pp.12-13);
- the farm debt mediation scheme – role of the Small Business Commissioner (pp.13-14);
- role of the Industry Sustainability Working Committee (pp.14-15);
- support provided to the automotive industry – small and medium-size enterprises (p.15);
- the *Victoria – Leader in Learning* program (pp.15-16);
- bullying in the workplace – assistance to small business (p.16); and
- the *MoviExperience* initiative (pp.16-17).

Other matters

- status of the remaining budget under the Victorian Innovation Statement and intended use of funding over the estimates period (p.11); and
- public disclosure of ministerial travel – overseas and domestic (p.14).

3.5.4 Documents tabled at the budget estimates hearing

The Minister did not provide an introductory slide presentation at the budget estimates hearing. The Minister tabled a document titled *Victorian Budget 2011-12 – Efficiency Savings Background Brief*.

3.5.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- status of the remaining budget under the Victorian Innovation Statement (e.g. Victoria's Science Agenda and the Strategic Projects Fund) and use over the estimates period (p.11); and
- Victorian government business offices – budget reduction in the outyears (p.18).

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

3.6 Major Projects portfolio

3.6.1 Introduction

The Committee received evidence from the Hon. Dr Denis Napthine MP, Minister for Major Projects, on 10 May 2011. The Minister provided an overview of the Major Projects portfolio at the start of the hearing, assisted by Howard Ronaldson, Secretary; Alf Smith, Deputy Secretary, Investments and Major Projects; and John Wiles, Acting Executive Director, Major Projects Victoria, Department of Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

3.6.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Major Projects portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 3.6.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

3.6.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

Progress of major projects

- development of E-Gate (pp.4-6);
- redevelopment of Princes Pier (p.6);
- state sports facilities at Albert Park (pp.6-7);
- future of the Melbourne wholesale fruit, vegetable and flower market (pp.7-9);
- Melbourne Park redevelopment (p.10);
- total output cost for Major Projects and the Kew residential development land sales (pp.10-11);
- Trainshed Way development (p.11); and
- Hamer Hall and the Southbank cultural precinct (p.13).

Other matters

- architectural design competition for Flinders Street Station (pp.4-5); and
- definition of a major project (pp.11-13).

3.6.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

3.6.5 Questions taken on notice at the budget estimates hearing

The Minister agreed to provide further information relating to the total output cost for Major Projects and the Kew residential development land sales (pp.10-11). A number of unasked questions from the Committee will also be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

3.7 Manufacturing, Exports and Trade portfolio

3.7.1 Introduction

The Committee received evidence from the Hon. Richard Dalla-Riva MLC, Minister for Manufacturing, Exports and Trade, on 20 May 2011. The Minister provided an overview of the Manufacturing, Exports and Trade portfolio at the start of the hearing, assisted by Howard Ronaldson, Secretary; Jim Strilakos, Chief Financial Officer; Justin Hanney, Deputy Secretary, Trade and Industry Development; and David Hanna, Deputy Secretary, Trade and Industry Coordination, Department of Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

3.7.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Manufacturing, Exports and Trade portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 3.7.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

3.7.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

- manufacturing sector – targets for production, employment and investment (pp.4-5);
- the Victorian Competition and Efficiency Commission inquiry (p.5);
- assistance for Victorian exporters (pp.5-6);
- industry assistance programs (pp.6-7);
- defence industry (p.7);
- funding issues connected with the synchrotron – impacts on the advanced manufacturing sector (pp.8-9);
- impact of improved procurement processes (pp.9-10);
- tender process for the 40 new six-carriage suburban trains (p.10); and
- refocusing the manufacturing industry advisory council (p.10).

3.7.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

3.7.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing, but a number of unasked questions from the Committee will be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

3.8 Minister responsible for the aviation industry's portfolio

3.8.1 Introduction

The Committee received evidence from the Hon. Gordon Rich-Phillips MLC, Minister responsible for the aviation industry, on 20 May 2011. The Minister provided an overview of the Aviation Industry portfolio at the start of the hearing, assisted by Howard Ronaldson, Secretary; Jim Strilakos, Chief Financial Officer; Rob O'Brien, Director, Aviation and Investment; and David Latina, Director, Business Engagement, Department of Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

3.8.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Aviation Industry portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 3.8.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

3.8.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.2) and the following (page numbers refer to the transcript on the Committee's website):

- jet fuel pipeline to Avalon airport (pp.2-3);
- the Australian international airshow (pp.3, 6);
- support for the development of aviation infrastructure (p.5);
- skill shortages within the aviation industry (pp.3-4);
- location of the aviation training academy (p.4);
- commencement of direct flights by Air India (p.4);
- feasibility study into hosting the Red Bull Air Race (pp.5-6); and
- access to the Regional Aviation Fund and Regional Growth Fund for regional airports (pp.6-7).

3.8.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

3.8.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

3.9 Technology portfolio

3.9.1 Introduction

The Committee received evidence from the Hon. Gordon Rich-Phillips MLC, Minister for Technology, on 20 May 2011. The Minister provided an overview of the Technology portfolio at the start of the hearing, assisted by Howard Ronaldson, Secretary; Randall Straw, Deputy Secretary, Innovation and Technology; and Jim Strilakos, Chief Financial Officer, Department of Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

3.9.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Technology portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 3.9.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

3.9.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.2) and the following (page numbers refer to the transcript on the Committee's website):

- Minister's responsibilities (p.2);
- synchrotron funding (p.3);
- progress establishing the Victorian Biotechnology Advisory Council (p.3);
- addressing industry demands for skilled information and communication technology workers (pp.4-5);
- budget measures to protect intellectual property rights (p.5); and
- commitment to, and benefits of, the Victorian life sciences sector (p.6).

3.9.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

3.9.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice at the hearing relating to (page number refer to the transcript on the Committee's website):

- issues of IT infrastructure security in the Assistant Treasurer's area (p.6).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

3.10 Tourism and Major Events portfolio

3.10.1 Introduction

The Committee received evidence from the Hon. Louise Asher MP, Minister for Tourism and Major Events on 16 May 2011. The Minister provided an overview of the Tourism and Major Events portfolio at the start of the hearing, assisted by Howard Ronaldson, Secretary; Mark Stone, Chief Executive Officer and Deputy Secretary, Tourism and Aviation; and John Dalton, Director, Strategy and Policy, Department of Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

3.10.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Tourism and Major Events portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 3.10.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

3.10.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.2-3) and the following (page numbers refer to the transcript on the Committee's website):

- contractual arrangements and future direction of the Grand Prix (pp.3-7);
- attracting additional international air services to Melbourne (pp.4-5); and
- facilitating new tourism investment in regional Victoria (p.7).

3.10.4 Documents tabled at the budget estimates hearing

The Minister did not table any documents at the budget estimates hearing.

3.10.5 Questions taken on notice at the budget estimates hearing

The Minister agreed to provide a copy of her presentation to the Committee (p.2). A number of unasked questions from the Committee will also be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

CHAPTER 4: DEPARTMENT OF EDUCATION AND EARLY CHILDHOOD DEVELOPMENT HEARINGS

4.1 Introduction

The Department of Education and Early Childhood Development is responsible for the administration of the following portfolios:

- Children and Early Childhood Development;
- Education;
- Higher Education and Skills; and
- Minister responsible for the teaching profession.

4.2 Key budget themes for 2011-12

The Department advised the Committee that the key strategic priorities underpinning the 2011-12 Budget are:⁶⁶

- *implement the Government's 2010 election commitments;*
- *meet commitments relating to the Council of Australian Governments Reform Agenda;*
- *strengthen the delivery of core programs and services;*
- *integrate and align the new Department to support a lifelong learning agenda; and*
- *manage resources efficiently and effectively.*

4.3 Major priority shifts for 2011-12

The Department indicated that the priorities underpinning the Budget have changed from those of previous years:⁶⁷

... to reflect the vision of the new Government for vocational education, school education and early childhood development. These have been articulated across a number of statements including The Victorian Liberal Nationals Coalition Plan for Education and the 2011 Victorian Families Statement.

Specifically, this means the key areas of focus for each portfolio are as follows:

- *Early Childhood Development, including capital investment; further investment in supporting kindergarten for children from low socio-economic*

66 Department of Education and Early Childhood Development, response to the Committee's Budget Estimates Questionnaire – Part A, received 29 April 2011, p.4

67 *ibid.*, pp.4-5

families and children with disabilities; and supporting early childhood education and care in rural areas.

- *School Education, including investment in child welfare and students with special needs; evidence based investment in core literacy and numeracy; better curriculum options including specialisation and languages; and greater freedom for principals and school councils.*
- *Higher Education and Skills, including building skills and improving access to training opportunities for all Victorians; improving the quality of training; and improving access to higher education for regional students.*

4.4 Children and Early Childhood Development portfolio

4.4.1 Introduction

The Committee received evidence from the Hon. Wendy Lovell MLC, Minister for Children and Early Childhood Development, on 18 May 2011. The Minister provided an overview of the Children and Early Childhood Development portfolio at the start of the hearing, assisted by Jeff Rosewarne, Acting Secretary; Paul Linossier, Acting Deputy Secretary, Office for Children and Portfolio Coordination; Jim Miles, Acting Executive Director, Office for Resources and Infrastructure; and Michael Maher, Acting Executive Director, Early Childhood Development, Department of Education and Early Childhood Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

4.4.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Children and Early Childhood Development portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 4.4.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

4.4.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.5-6) and the following (page numbers refer to the transcript on the Committee's website):

Kindergartens

- the *Children's Facilities Capital Program* (pp.6-9);
- support for children with special needs to access kindergarten (pp.9-10);
- funding kindergarten cluster management (pp.10-12);
- kindergarten fee subsidy for children from low-income families (pp.12-15); and
- support for small rural kindergartens (p.14).

Other matters

- budget savings for the portfolio (p.9);
- early childhood intervention service (pp.13-14);
- maternal and child health nurse scholarships (p.15); and
- funding for the *Take a Break* occasional child-care program (pp.15-16).

4.4.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

4.4.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

4.5 Education portfolio

4.5.1 Introduction

The Committee received evidence from the Hon. Martin Dixon MP, Minister for Education, on 11 May 2011. The Minister provided an overview of the Education portfolio at the start of the hearing, assisted by Jeff Rosewarne, Secretary; Darrell Fraser, Deputy Secretary, Office of Government School Education; Chris Wardlaw, Deputy Secretary, Office for Policy, Research and Innovation; and Jim Miles, Acting Executive Director, Office for Resources and Infrastructure, Department of Education and Early Childhood Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

4.5.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Education portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 4.5.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

4.5.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.5) and the following (page numbers refer to the transcript on the Committee's website):

Funding arrangements

- budget savings for the portfolio and the impact on front-line education services (pp.6-8);

- literacy and numeracy programs (pp.8-9, 13-14, 26-7);
- Northland Secondary College and Hume Valley School (p.9);
- maintenance funding and audit of maintenance backlog (p.13);
- funding for students with disabilities (pp.11-12);
- School Start bonus (pp.21-3); and
- Eaglehawk Primary School (pp.29-30).

Capital projects

- new schools to be constructed in key growth areas (pp.5, 12-13);
- projects and improvements for students at special schools and autistic schools (pp.12, 20-1);
- criteria used to determine capital funding for schools (pp.14-15);
- expertise of school principals to manage capital projects, and probity arrangements around awarding contracts (pp.18-20);
- proposed Laurimar Secondary College feasibility study (pp.23-4); and
- School Improvement Fund (p.32).

Schools in a changing commercial environment

- investing in basic standards in Victorian schools, including building up capacity in maths, science and literacy (pp.13-14);
- preparing students for a more globalised commercial environment (p.23); and
- meeting the demands of skills shortages (pp.27-9).

School safety

- addressing disturbing and anti-social behaviour in schools (pp.9-10, 15-16, 24-5);
- power of principals to suspend and expel students (pp.25-6);
- programs to re-engage expelled students (p.26);
- primary welfare officers (pp.8, 10, 30); and
- bullying and cyber-bullying in schools (pp.16, 30-1).

Other matters

- implementation of election commitments (pp.6-7);
- election commitments not funded in this Budget (pp.17-18);
- school principals commenting on government policy (pp.16-17);

- wage negotiations, productivity and class sizes (pp.10-11); and
- use of consultants on election commitments and Eaglehawk Primary School (p.25).

4.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

4.5.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- e-mail to Western Autistic School concerning threats to teachers for commenting on government policy (pp.16-17); and
- name and cost of the consultants working with the departmental task forces on election commitments and the review of Eaglehawk Primary School (p.25).

A number of unasked questions from the Committee will also be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

4.6 Higher Education and Skills portfolio

4.6.1 Introduction

The Committee received evidence from the Hon. Peter Hall MLC, Minister for Higher Education and Skills, on 17 May 2011. The Minister provided an overview of the Higher Education and Skills portfolio at the start of the hearing, assisted by Jeff Rosewarne, Acting Secretary; Kym Peake, Deputy Secretary, Skills Victoria; Jim Miles, Acting Executive Director, Office for Resources and Infrastructure; and Philip Clarke, Executive Director, Tertiary Education Policy, Governance and Planning, Department of Education and Early Childhood Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

4.6.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Higher Education and Skills portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 4.6.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

4.6.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Module enrolment targets

- increases in module enrolment targets (pp.11-12); and
- performance targets increase compared to funding allocation (pp.7-8).

Other matters

- budget savings (pp.5-6);
- *Skilling up Victoria's Young People* initiative (pp.6-7);
- capital funding to TAFE institutes (p.8);
- phasing out the apprenticeship completion bonus (pp.8-9);
- funding for student accommodation in regional areas (pp.9-10);
- loan by Holmesglen TAFE to the Carrick Education Group (pp.10-11); and
- revenue from sale of goods and services (p.12).

4.6.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

4.6.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing, but a number of unasked questions from the Committee will be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

4.7 Minister responsible for the teaching profession

4.7.1 Introduction

The Committee received evidence from the Hon. Peter Hall MLC, Minister responsible for the teaching profession, on 17 May 2011. The Minister provided an overview of the Teaching Profession portfolio at the start of the hearing, assisted by Jeff Rosewarne, Acting Secretary; Jim Miles, Acting Executive Director, Office for Resources and Infrastructure; Darrell Fraser, Deputy Secretary, the Office for Government School Education; and Tony Bugden, Acting Executive Director, Office for Resources and Infrastructure, Department of Education and Early Childhood Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

4.7.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Teaching Profession portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 4.7.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

4.7.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.2-3) and the following (page numbers refer to the transcript on the Committee's website):

- salary increases and enterprise bargaining agreement negotiations (pp.3-5, 8-9);
- professional development opportunities for teachers and school leaders (p.8);
- budget initiatives relevant to the Teaching Profession portfolio (pp.5-6);
- class sizes (pp.6-7);
- savings related to external legal advice (p.10); and
- recruitment programs (pp.9-10).

4.7.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

4.7.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice at the hearing (page number refers to the transcript on the Committee's website):

- savings on procurement of external legal advice and the need for schools to find contingency in their own budgets for possible legal defence actions (p.10).

A number of unasked questions from the Committee will also be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

CHAPTER 5: DEPARTMENT OF HEALTH HEARINGS

5.1 Introduction

The Department of Health is responsible for the administration of the following portfolios:

- Ageing;
- Health; and
- Mental Health.

5.2 Key budget themes for 2011-12

The Department advised the Committee that the key strategic priorities underpinning the 2011-12 Budget are:⁶⁸

- **Planning for a better health system** – through initiatives that include the delivery of a Victorian Health Priorities Framework 2012-2022; Metropolitan Health Plan including a supporting Technical Paper, Rural and Regional Health Plan, Health Capital and Resources Plan 2022 and a Victorian Health and Wellbeing Plan 2015.
- **Developing service and system capacity** – through initiatives that include provision of 800 additional beds into the health system over the forward estimates period; establishment of a health infrastructure fund dedicated to rebuilding hospital infrastructure and planning for future growth; training and employing more doctors, nurses, diagnostic and allied health professionals; supporting implementation of e-health to increase clinical time and reduce administrative time; major upgrades for rural health services; improving ambulance response times and boosting ambulance services; investing in out-patient nurse coordinators; expansion of community clinical mental health services and enhanced psychiatric disability rehabilitation and support services.
- **Driving improvement and innovation** – through initiatives that [include] a Health Innovation and Reform Council supported by a Hospital Improvement Commission; establishing an outpatient improvement fund; commencement of planning for establishment of health and medical research precincts; and provision of a new Mental Illness Research Fund to strengthen and coordinate mental health research in Victoria.
- **Increasing accountability and transparency** – through initiatives that include the provision of accurate and relevant information about the state of our hospitals and health system; establishing a performance website that includes reports to the public on emergency data; reporting outpatient waiting lists for public hospital specialist clinics and the time patients wait to get an appointment; and providing ‘real time’ information on the number of available inpatient beds in the specialist mental health system. As an ongoing priority, the Department will consult with key stakeholders; including clinicians, healthcare workers, public health experts and the community on a balanced scorecard of output measures that enable the State Government to provide an annual report to the community on the performance of the Victorian health system.

68 Department of Health, response to the Committee’s Budget Estimates Questionnaire – Part A, received 6 May 2011, pp.4-5

5.3 Major priority shifts for 2011-12

The Department indicated that its priorities for 2011-12 varied significantly from 2010-11, with respect to:⁶⁹

- *comprehensive planning of the Victorian health system;*
- *substantially increased investment in system capacity;*
- *focus on innovation and improvement throughout the Victorian health system; and*
- *commitment to increased transparency and accountability of information about the Victorian health system.*

5.4 Ageing portfolio

5.4.1 Introduction

The Committee received evidence from the Hon. David Davis MLC, Minister for Ageing, on 11 May 2011. The Minister provided an overview of the Ageing portfolio at the start of the hearing, assisted by Fran Thorn, Secretary; Lance Wallace, Executive Director, Finance and Corporate Services Division; Professor Chris Brook, Executive Director, Wellbeing, Integrated Care and Ageing Division; and Jane Herrington, Acting Director, Aged Care Branch, Department of Health. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

5.4.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Ageing portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 5.4.4) are also available on the Committee's website. Written answers to unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

5.4.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included the following (page numbers refer to the transcript on the Committee's website):

- cost-of-living pressures (p.3);
- beds in low-care and high-care places (pp.3-4);
- Rural Capital Support Fund (pp.4-5);
- culturally and linguistically diverse (CALD) seniors (p.5);
- outsourcing or privatisation of services or facilities (p.5); and

69 *ibid.*, pp.4-5

- dental care (p.5).

5.4.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing which is available on the Committee's website (www.parliament.vic.gov.au/paec).

5.4.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing, but a number of unasked questions from the Committee will be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

5.5 Health portfolio

5.5.1 Introduction

The Committee received evidence from the Hon. David Davis MLC, Minister for Health, on 11 May 2011. The Minister provided an overview of the Health portfolio at the start of the hearing, assisted by Fran Thorn, Secretary; Lance Wallace, Executive Director, Finance and Corporate Services Division; Professor Chris Brook, Executive Director, Wellbeing, Integrated Care and Ageing Division; and Frances Diver, Executive Director, Hospital and Health Service Performance, Department of Health. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

5.5.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Health portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 5.5.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

5.5.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget (p.5) and the following (page numbers refer to the transcript on the Committee's website):

Population impacts

- population forecasts in the health plan compared to budget predictions (pp.5-6); and
- impact of the ageing population on health costs (pp.36-7).

Acute health services

- strategies to reduce demand for acute health services (pp.7-8);
- additional episodes of elective surgery to be funded (pp.9-10);
- location of new hospital beds (pp.19-20);
- specific funding provided for staffing new hospital beds (pp.20-1);
- on-costs associated with the opening of new hospital beds (pp.29-30);
- palliative care funding (pp.21-2);
- safety and security in hospital emergency departments – provision of protective services officers (pp.25-7); and
- neonatal hearing screening in public hospitals (p.28).

Capital projects

- Monash Children’s Hospital (pp.10-11);
- Olivia Newton-John Cancer and Wellness Centre (pp.37-9);
- Geelong Hospital (pp.40-1);
- a hospital-based helipad for the Ballarat Hospital (pp.22-4);
- Box Hill Hospital expansion (p.31);
- Kilmore and District Hospital redevelopment (pp.31-2);
- the Bendigo Hospital redevelopment project (p.32);
- measures to address ageing infrastructure across the health system (pp.33-5); and
- capital projects – budget commitments (pp.41-3).

Ambulance services

- Ambulance Victoria expenditure, membership fee cuts and effect on the cost of living (pp.12-13);
- impact of reducing ambulance premiums on ambulance response times, demand and health outcomes (p.19);
- allocation of paramedics and patient transport officers to health regions (pp.24-5);
- MICA paramedics (p.28);
- ambulance services – investment in ambulance officers and stations (p.36); and
- ambulance performance – targeted outcomes (pp.17-18).

Use of flood response funding

- in northern Victoria (pp.16-17); and
- in Charlton (pp.13-14).

Budget savings and financial performance

- additional savings to be met by agencies, in particular public hospitals (p.12);
- savings measures in the ministerial office (pp.30-1);
- impact of investments made by health services on financial performance (pp.8-9);
- unfunded liabilities (p.10); and
- net financial effect of election commitments (p.13).

Commonwealth funding

- inclusion of all grants from the Commonwealth in the health budget (pp.15-16); and
- the Victorian Comprehensive Cancer Centre – impact of Commonwealth deferred payments (pp.39-40).

Country Victoria

- allocation of funds to country Victoria (p.40);
- Country Hospital Fund – funding for commitments in future years (pp.35-6); and
- home and community care (HACC) services in regional areas (pp.37-8).

Other matters

- relationship of new performance measures to transparency, quality and safety (pp.6-7);
- dental health (p.28);
- prevention and treatment of diabetes (pp.29-30); and
- injecting drug user programs (p.33).

5.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The Minister also tabled a copy of the *Investment Policy Guidelines for Victorian Public Hospitals*. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

5.5.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- additional episodes of elective surgery to be funded (p.9);
- Commonwealth grants in the health budget (pp.15-16);
- structural strength assessment of the Minister's office (pp.30-1); and
- the Victorian Comprehensive Cancer Centre – amounts and timing of Commonwealth deferred payments and impact on the State budget (pp.39-40).

A number of unasked questions from the Committee will also be provided to the Minister.

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

5.6 Mental Health portfolio

5.6.1 Introduction

The Committee received evidence from the Hon. Mary Wooldridge MP, Minister for Mental Health, on 19 May 2011. The Minister provided an overview of the Mental Health portfolio at the start of the hearing, assisted by Fran Thorn, Secretary; Lance Wallace, Executive Director, Finance and Corporate Services Division; and Dr Karleen Edwards, Executive Director, Mental Health, Drugs and Regions Division, Department of Health. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

5.6.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Mental Health portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 5.6.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

5.6.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget (pp. 3-4) and the following (page numbers refer to the transcript on the Committee's website):

- budget savings (p.4);
- illicit drug use and needle syringe programs (pp.4-6);
- community-based services for people with mental illness (pp.6-7);

- the *Same-Sex-Attracted and Gender-Questioning Youth Suicide Prevention Initiative* (p.7);
- mental health and alcohol and drug services in regional Victoria (pp.7-8);
- new mental health beds for Bendigo Hospital (p.8);
- education campaign about the secondary supply of alcohol to minors (pp.8-9);
- consultation with, and Commonwealth support for, Headspace (p.9);
- safety of women in mental health inpatient units (pp.9-10); and
- achieving the target for admission time to a mental health bed (p.10).

5.6.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

5.6.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing, but a number of unasked questions from the Committee will be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

CHAPTER 6: DEPARTMENT OF HUMAN SERVICES HEARINGS

6.1 Introduction

The Department of Human Services is responsible for the administration of the following portfolios:

- Community Services;
- Housing;
- Women's Affairs; and
- Youth Affairs.

6.2 Key budget themes for 2011-12

Regarding the Department's key strategic priorities underpinning the 2011-12 Budget, the Department advised the Committee that:⁷⁰

The department's key strategic priorities are to provide housing and community services to support and protect vulnerable Victorians most in need, and improve people's lives and reduce their experience of disadvantage.

These key strategic priorities underpin the Human Services portfolio's budget submission for 2011-12. Within this context, the key theme of the submission is centred on implementing Government policy and plans announced during the 2010 State election.

Aligning Government's election commitments with the department's longer term strategic goals, the five budget priorities areas are:

- 1. Protecting and supporting vulnerable children and young people at risk of harm or abuse;*
- 2. Improving the access of people with a disability, their families and carers to services they need;*
- 3. Planning and delivering innovative, forward thinking and responsive housing and community services;*
- 4. Strengthening individual and community capacity to assist individuals to sustain themselves and make their own life choices; and*
- 5. Improving the sustainability of Victoria's housing and community services, and enhance the quality of those services.*

70 Department of Human Services, response to the Committee's Budget Estimates Questionnaire – Part A, received 29 April 2011, p.4

6.3 Major priority shifts for 2011-12

The Department indicated that changes to its priorities have occurred between the 2010-11 and 2011-12 budgets:⁷¹

The Government changed at the November 2010 election, and the portfolios' commitments reflect those of the new Government.

The focus of these priorities is centred on addressing identified shortcomings in community and housing services that have been left by the previous government, and the effective implementation of the Government's election commitments in the portfolio.

6.4 Community Services portfolio

6.4.1 Introduction

The Committee received evidence from the Hon. Mary Wooldridge MP, Minister for Community Services, on 19 May 2011. The Minister provided an overview of the Community Services portfolio at the start of the hearing, assisted by Gill Callister, Secretary; Jim Higgins, Acting Executive Director, Corporate Services Division; Chris Asquini, Executive Director, Children, Youth and Families Division; and Arthur Rogers, Executive Director, Disability Services Division, Department of Human Services. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

6.4.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Community services portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 6.4.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

6.4.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

Child protection system

- initiatives to help vulnerable Victorian children (p.6);
- voluntary briefs on child protection cases (pp.6-7);
- out-of-home care services to protect vulnerable children (pp.8-9, 13-14);

71 ibid.

- establishment of an independent children and young persons commissioner (p.15); and
- reducing the number of unallocated cases (pp.15-16).

Disability services

- access to care and support for all Victorians with a disability (pp.10-11); and
- people with an intellectual disability and their treatment by the justice system (pp.11-12).

Youth justice system

- youth justice custodial services (pp.7-8);
- reducing recidivism by violent offenders (p.11);
- Melbourne Youth Centre refurbishment (pp.17-18); and
- implementation of recommendations contained in the Ombudsman's October 2010 investigation into conditions at the Melbourne Youth Justice Precinct and the July 2010 Neil Comry Report on the review of the escape incident at the Melbourne Youth Justice Centre on 19 May 2010 (p.18).

Cost of living

- water and sewerage concession (p.12); and
- electricity concessions to pensioners and other beneficiaries (p.17).

Other matters

- sub-acute ambulatory care services (SACS) pay equity case (pp.4-6);
- respite facilities in Whittlesea, Frankston and the Latrobe Valley (pp.12-13); and
- vulnerable people's register (pp.14-15).

6.4.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

6.4.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- the establishment of a vulnerable people's register (pp.14-15); and
- timeline for implementing recommendations contained in an Ombudsman's report and the Neil Comry report (p.18).

A number of unasked questions from the Committee will also be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

6.5 Housing portfolio

6.5.1 Introduction

The Committee received evidence from the Hon. Wendy Lovell MLC, Minister for Housing, on 18 May 2011. The Minister provided an overview of the Housing portfolio at the start of the hearing, assisted by Gill Callister, Secretary; Margaret Crawford, Executive Director, Housing and Community Building Division; Megan Kirchner, Director, Policy, Planning and Strategy Branch, Housing and Community Building Division; and Rob Jenkins, Assistant Director, Budget and Performance, Housing and Community Building Division, Department of Human Services. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

6.5.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Housing portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 6.5.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

6.5.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.3-5) and the following (page numbers refer to the transcript on the Committee's website):

New housing stock

- funding for the acquisition of new social housing stock (pp.5-6); and
- contribution of new housing to the stated objective to '*plan and deliver forward thinking, responsive housing and community services*' (p.10).

Improvements and upgrades

- funding allocated for physical improvements and upgrades to existing housing (pp.10-11); and
- upgrades to flats in inner Melbourne's high rise towers (p.11).

Financial matters

- projected rental operating deficit (pp.8-9);

- contributed capital (pp.9-10);
- sale of inner city towers (p.12); and
- rent paid by Office of Housing tenants (p.13).

Other matters

- reforms impacting on housing assistance services (pp.6-7);
- work and learning centres (p.9);
- occupation rates in social housing properties (p.11);
- housing waiting list (p.12);
- planning and design work for youth foyers (pp.12-13); and
- safety of residents in rooming houses (pp.13-14).

6.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

6.5.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing relating to these topics (page numbers refer to the transcript on the Committee's website):

- State funding for acquisition and maintenance of housing stock (p.6); and
- average rent and average subsidy rebate to public housing tenants (p.13).

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

6.6 Women's Affairs portfolio

6.6.1 Introduction

The Committee received evidence from the Hon. Mary Wooldridge MP, Minister for Women's Affairs, on 19 May 2011. The Minister provided an overview of the Women's Affairs portfolio at the start of the hearing, assisted by Gill Callister, Secretary; Jim Higgins, Acting Executive Director, Corporate Services; and Doug Craig, Executive Director, Industry, Workforce and Strategy, Department of Human Services; and Jill McCabe, Director, Office of Women's Policy, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

6.6.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Women's Affairs portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 6.6.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

6.6.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- Office of Women's Policy – new initiatives (pp.3-4);
- programs not funded (pp.4-5);
- family violence (p.5);
- Office of Women's Policy website (p.6);
- women's representation on government-appointed boards and in senior positions within the Victorian public service (pp.6-7);
- women's health services (p.7);
- challenges faced by female protective services officers (p.7);
- measures to encourage economic participation among women (pp.7-8); and
- reviews of the human rights charter and the Equal Opportunity Act – advocacy to be taken in relation to advancing the legal protections of women before the law (pp.8-9).

6.6.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

6.6.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

6.7 Youth Affairs portfolio

6.7.1 Introduction

The Committee received evidence from the Hon. Ryan Smith MP, Minister for Youth Affairs, on 20 May 2011. The Minister provided an overview of the Youth Affairs portfolio at the start of the hearing, assisted by Gill Callister, Secretary; Jim Higgins, Acting Executive Director, Corporate Services; Doug Craig, Executive Director, Industry Workforce and Strategy, Department of Human Services; and Kati Krsevan, Director, Office for Youth, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

6.7.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Youth Affairs portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 6.7.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

6.7.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- funding for the *Youth Referral and Independent Person Program* (p.3);
- rationale for changes to output performance measures (p.4);
- discontinued funding for the *FreeZACentral* program (pp.4-5);
- the *Advance* program (p.6);
- converting the former Bairnsdale police station (p.6);
- funding for Scouts and Girl Guides (p.7); and
- transition of youth foundations to full management by the Bendigo and Adelaide Bank (pp.7-8).

6.7.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

6.7.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

CHAPTER 7: DEPARTMENT OF JUSTICE HEARINGS

7.1 Introduction

The Department of Justice is responsible for the administration of the following portfolios:

- Attorney-General;
- Bushfire Response;
- Consumer Affairs;
- Corrections;
- Crime Prevention;
- Gaming;
- Minister responsible for the establishment of an anti-corruption commission;
- Police and Emergency Services; and
- Racing.

7.2 Key budget themes for 2011-12

In its response to the Committee's budget estimates questionnaire, the Department advised the Committee that:⁷²

The key priorities underpinning the budget for the department relate to implementation of the government's election commitments and managing demand pressures in the Justice Service Portfolio, addressing in particular:

- *successfully implementing sentencing reforms;*
- *taking a comprehensive approach to tackling crime and crime prevention;*
- *creating and transitioning to a new Courts Executive Service;*
- *establishing an independent Freedom of Information (FOI) Commissioner;*
- *integrating the administration of gambling and liquor licensing through the creation of the Victorian Commission for Gambling and Liquor Regulation;*
- *establishing the Victorian Responsible Gambling Foundation;*
- *ensuring correctional services has the capacity to effectively manage prisoners and offenders;*
- *supporting the delivery of additional police and Protective Services Officers (Transport);*

72 Department of Justice, response to the Committee's Budget Estimates Questionnaire – Part A, received 28 April 2011, p.4

- *leading or supporting the implementation of all the Victorian Bushfires Royal Commission recommendations;*
- *supporting Emergency Services Volunteers;*
- *supporting the growth and development of the Racing Industry;*
- *supporting the establishment of a Judicial Complaints Commission;*
- *supporting the establishment and leading the implementation of an Independent Broad-Based Anti-Corruption Commission; and*
- *supporting operations and policies that protect and promote the interests of consumers.*

The Department also provided details of its mission and objectives, and details of Victoria Police's key priorities, which can be viewed in the Department's response on the Committee's website (www.parliament.vic.gov.au/paec).

7.3 Major priority shifts for 2011-12

The Department indicated to the Committee that the immediate challenges that it identified in the 2010-11 Budget remain, *'but the approach to address them has changed with the change in government.'*⁷³ The Department advised that the current government's approach includes:⁷⁴

- sentencing reforms;
- court reforms and addressing court demand;
- measures to address community safety and crime prevention through *'a comprehensive approach'* including working with justice portfolio agencies and across departments;
- implementing all the recommendations of the 2009 Victorian Bushfires Royal Commission;
- new measures to tackle public drunkenness and maintain public order;
- support for the racing industry through reforms to the use of revenue from wagering; and
- new priorities for freedom of information, anti-corruption and tackling problem gambling.

More information about these approaches, and shifts in the priorities of Victoria Police, can be seen in the Department's response on the Committee's website (www.parliament.vic.gov.au/paec).

73 *ibid.*, p.6

74 *ibid.*, pp.6-7

7.4 Attorney-General's portfolio

7.4.1 Introduction

The Committee received evidence from the Hon. Robert Clark MP, Attorney-General, on 13 May 2011. The Attorney-General provided an overview of his portfolio at the start of the hearing, assisted by Penny Armytage, Secretary; Neil Twist, Executive Director, Legal and Equity; and Gail Moody, Executive Director, Strategic Projects and Planning, Department of Justice. The Committee thanks the Attorney-General and accompanying officers for their attendance and assistance.

7.4.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Attorney-General's portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.4.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Auditor-General receiving correspondence from the Committee. These responses will be published on the Committee's website.

7.4.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Budget savings

- composition of budget saving measures (p.5); and
- apportionment of budget saving measures (pp.5-6).

Review of the *Charter of Human Rights and Responsibilities Act 2006*

- funding provisions (pp.10-11); and
- objectivity of the review of the human rights charter (p.11).

Other matters

- dispensing justice initiatives (pp.6-7);
- strengthening judicial independence – powers of the new anti-corruption commission (p.7);
- interrelationship between the proposed journalist shield laws and the investigatory powers proposed for the anti-corruption commission (p.7);
- public safety and crime reduction initiatives (p.8);
- status of releasing the report into the Office of Public Prosecutions (pp.9-10);

- initiatives directed at protecting community rights (p.10);
- contribution of the Budget to improving the justice system (p.12); and
- funding the Victorian Equal Opportunity and Human Rights Commission and its estimated workload (pp.12-13).

7.4.4 Documents tabled at the budget estimates hearing

The Attorney-General provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

7.4.5 Questions taken on notice at the budget estimates hearing

The Attorney-General took one question on notice at the hearing relating to (the page number refers to the transcript on the Committee's website):

- breakdown of savings measures (p.6).

A number of unasked questions from the Committee will also be provided to the Attorney-General.

Written responses by the Attorney-General to the Committee are due within 21 days of the Attorney-General receiving correspondence from the Committee. These responses will be published on the Committee's website.

7.5 Bushfire Response portfolio

7.5.1 Introduction

The Committee received evidence from the Hon. Peter Ryan MP, Minister for Bushfire Response, on 12 May 2011. The Minister provided an overview of the Bushfire Response portfolio at the start of the hearing, assisted by Penny Armytage, Secretary; Tony Leech, Executive Director, Police, Emergency Services and Corrections; and Neil Robertson, Coordinator, Bushfires Royal Commission, Department of Justice. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.5.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Bushfire Response portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.5.4) are also available on the Committee's website. Written answers to questions on notice and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

7.5.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.4) the following (page numbers refer to the transcript on the Committee's website):

2009 Victorian Bushfires Royal Commission recommendations

- commitment to, and cost of, implementing the recommendations (pp.4-5);
- replacing electricity infrastructure (pp.6-9);
- assistance to local government to implement recommendations (p.8); and
- the Municipal Association of Victoria and the implementation monitor (pp.9-11).

Other matters

- last-resort shelter options (pp.5-6);
- community fire drill program (p.9);
- leveraging local knowledge to reduce fire risk (p.11); and
- replacing roads damaged by floods in bushfire areas (pp.11-12).

7.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

7.5.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice at the hearing relating to (page numbers refer to the transcript on the Committee's website):

- whether the roads in and around the 52 most high risk townships that are currently closed due to flooding in January 2011 will be opened by the start of the bushfire season in October (p.12).

A number of unasked questions from the Committee will also be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

7.6 Consumer Affairs portfolio

7.6.1 Introduction

The Committee received evidence from the Hon. Michael O'Brien MP, Minister for Consumer Affairs, on 18 May 2011. The Minister provided an overview of the Consumer Affairs portfolio at the start of the hearing, assisted by Penny Armytage, Secretary; Shaun

Condron, Chief Finance Officer; Dr Claire Noone, Executive Director, Consumer Affairs; and Carolyn Gale, Executive Director, Community Operations and Strategy, Department of Justice. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.6.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Consumer Affairs portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.6.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

7.6.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

Protecting consumers

- resourcing for new consumer protection measures (pp.4-5);
- consumer and trader education (p.5);
- compliance and inspection work for rooming houses (p.6);
- unlicensed motor car trader strategy (pp.6-7);
- initiatives to keep supermarket prices down (pp.7-8);
- price-plus advertising and quoting practices (pp.9-10); and
- dealing with scam artists (pp.10-11).

Liquor licensing

- banning violent drunks from licensed premises (p.5); and
- regulation of late-night licensed venues (p.9).

7.6.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The Committee tabled a Coalition advertisement from before the 2010 State election. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

7.6.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

7.7 Corrections portfolio

7.7.1 Introduction

The Committee received evidence from the Hon. Andrew McIntosh MP, Minister for Corrections, on 17 May 2011. The Minister provided an overview of the Corrections portfolio at the start of the hearing, assisted by Penny Armytage, Secretary; Tony Leech, Executive Director, Police, Emergency Services and Corrections; and Robert Hastings, Commissioner, Corrections Victoria, Department of Justice. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.7.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Corrections portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.7.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

7.7.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.4) and the following (page numbers refer to the transcript on the Committee's website):

- trial of GPS bracelets for registered sex offenders and convicted arsonists (pp.4-5);
- improving the long-term management of the male prison system (p.5);
- the Office of Correctional Services Review and the coroner as review mechanisms for deaths of prisoners in custody (pp.5-6);
- business case for the construction of a new male prison (pp.6, 8);
- use of police cells for holding prisoners (p.7);
- recidivism rates (pp.7, 9-10); and
- community corrections orders (p.10).

7.7.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

7.7.5 Questions taken on notice at the budget estimates hearing

The Minister agreed to provide additional slides used by the Minister in his presentation to the Committee, which were not included in the presentation pack (p.7). A number of unasked questions from the Committee will also be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

7.8 Crime Prevention portfolio

7.8.1 Introduction

The Committee received evidence from the Hon. Andrew McIntosh MP, Minister for Crime Prevention, on 17 May 2011. The Minister provided an overview of the Crime Prevention portfolio at the start of the hearing, assisted by Penny Armytage, Secretary; Tony Leech, Executive Director, Police, Emergency Services and Corrections; and Julianne Brennan, Director, Crime Prevention, Department of Justice. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.8.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Crime Prevention portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.8.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

7.8.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- performance measures related to the portfolio (pp.3-6);
- whole-of-government crime prevention framework (pp.4-5);
- *Community Crime Prevention Program* (pp.6, 8);
- purpose of the Public Safety Infrastructure Fund (pp.6-7);
- graffiti prevention and removal strategy (p.7); and

- Neighbourhood Watch and street-by-street crime data (p.9).

7.8.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

7.8.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- implementation of the arson prevention task force (pp.7-8); and
- legislation and programs preventing knife possession by minors (pp.8-9).

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

7.9 Gaming portfolio

7.9.1 Introduction

The Committee received evidence from the Hon. Michael O'Brien MP, Minister for Gaming, on 18 May 2011. The Minister provided an overview of the Gaming portfolio at the start of the hearing, assisted by Penny Armytage, Secretary; Ross Kennedy, Executive Director, Gaming and Racing; Cate Carr, Director, Gambling Policy, Research and Coordination; and Shaun Condon, Chief Finance Officer, Department of Justice. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.9.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Gaming portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.9.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

7.9.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.5) and the following (page numbers refer to the transcript on the Committee's website):

Awarding of the wagering and monitoring licences

- progress of the gambling licences review (pp.7-8);
- timing of the lobbying ban (p.8);
- gambling licensing processes – rationale for the Government’s commitment to ban lobbyists (pp.10-11);
- behaviour to be banned by the lobbying ban (pp.11-12); and
- sufficiency of lead time for the successful operator to be ready by August 2012 (p.10).

Pre-commitment policy for poker machines

- impact of Commonwealth Government policies on Victorian Government policies (p.6);
- Victorian Government view of mandatory pre-commitment (pp.6-7);
- impact of mandatory pre-commitment on Government revenue (pp.8-10); and
- clarification of whether campaigns against pre-commitment can be regarded as a community benefit (p.12).

Automatic teller machines

- plans with respect to ATMs in gaming venues (pp.8-9); and
- legislative basis for the ministerial direction for the Victorian Commission for Gambling Regulation regarding ATMs in gaming venues (p.9).

Other matters

- source of estimated increase in revenue from gambling taxes (p.5);
- proliferation of sports betting advertising (pp.9-10); and
- funding to assist flood-affected communities with financial counselling (p.12).

7.9.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee’s website (www.parliament.vic.gov.au/paec).

7.9.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee’s website):

- estimated additional money to be gambled to generate the estimated increase in gambling taxes (p.5);
- legislative basis for the ministerial direction to the Victorian Commission for Gambling Regulation regarding ATMs in gaming venues (p.9); and

- clarification of whether campaigns against pre-commitment can be regarded as a community benefit (p.12).

A number of unasked questions from the Committee will also be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

7.10 Minister responsible for the establishment of an anti-corruption commission's portfolio

7.10.1 Introduction

The Committee received evidence from the Hon. Andrew McIntosh MP, Minister responsible for the establishment of an anti-corruption commission, on 17 May 2011. The Minister provided an overview of the portfolio at the start of the hearing, assisted by Penny Armytage, Secretary, Department of Justice; Tony Cook, Deputy Secretary, Government and Corporate Group; and Graham Hill, Executive Director, Anti-Corruption and Integrity Taskforce, Department of Premier and Cabinet. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.10.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.10.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

7.10.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.4) and the following (page numbers refer to the transcript on the Committee's website):

Independent Broad-based Anti-corruption Commission (IBAC)

- funding for and timing of IBAC (pp.4-5, 7-9, 12);
- implementing IBAC (pp.12-13);
- appropriate IBAC model for the Victorian jurisdiction (pp.5-7);
- incorporating views of stakeholders (pp.9-10);
- criteria for appointing the IBAC commissioner (p.9);
- journalist shield laws (pp.10-12);
- operational resources for IBAC (p.12); and

- retrospective investigatory powers (p.12).

Other matter

- establishing the Independent Office of the FOI Commissioner (pp.13-14).

7.10.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

7.10.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

7.11 Police and Emergency Services portfolio

7.11.1 Introduction

The Committee received evidence from the Hon. Peter Ryan MP, Minister for Police and Emergency Services, on 12 May 2011. The Minister provided an overview of the Police and Emergency Services portfolio at the start of the hearing, assisted by Penny Armytage, Secretary; Tony Leech, Executive Director, Police, Emergency Services and Corrections, Department of Justice; and Simon Overland, Chief Commissioner of Victoria Police. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.11.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Police and Emergency Services portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.11.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

7.11.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.4-6) and the following (page numbers refer to the transcript on the Committee's website):

Additional police and protective services officers

- prioritisation of additional police resources (p.7);
- responsibility for the allocation of additional police resources (p.7);
- rationale for the investment in 1,700 new front-line police (p.10);
- implementation timeframe for the recruitment, training and redeployment of 940 new protective services officers (pp.8-10);

- protective services officers to be delivered in first year (p.19);
- rollout of the additional police officers and protective services officers (pp.17-18); and
- basis for making determinations about the location of the additional police officers and protective services officers (p.18).

Emergency services

- funding for bushfire response emergency services (p.6);
- State Emergency Service funding for command, control and operational capability (pp.7-8);
- State Emergency Service funding directed at valuing volunteers (pp.14-15); and
- Life Saving Victoria administration grant – Volunteer Support Network initiatives (p.16).

Capital projects

- police station upgrades (pp.12-13);
- Life Saving Victoria clubhouses – rationale for funding and impact (p.17);
- Victorian police academy – progress on upgrading capacity (pp.18-19);
- Country Fire Authority stations and equipment (pp.20-1);
- police brawler vans (p.21); and
- Melbourne Custody Centre – implementation of the Ombudsman’s infrastructure recommendations (pp.22-3).

Other matters

- performance data received from Victoria Police (p.6);
- the review of Victoria Police structures and command – cost and funding source (pp.11-12);
- Victoria Police – funding to implement the Government’s 2.5 per cent wages policy (pp.16-17);
- transparency and reliability of road safety cameras (pp.19-20);
- Melbourne Custody Centre – operational matters (pp.21-2); and
- Life Saving Victoria’s multicultural water safety program (p.23).

7.11.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

7.11.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- CPI growth built into the forward estimates – wages policy (pp.16-17);
- rollout of the additional police officers and protective services officers (pp.17-18); and
- basis for making determinations about the location of the additional resources, e.g. the police officers and protective services officers (p.18).

A number of unasked questions from the Committee will also be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

7.12 Racing portfolio

7.12.1 Introduction

The Committee received evidence from the Hon. Dr Denis Napthine MP, Minister for Racing, on 10 May 2011. The Minister provided an overview of the Racing portfolio at the start of the hearing, assisted by Penny Armitage, Secretary; Ross Kennedy, Executive Director, Gaming and Racing; and Shaun Condon, Chief Finance Officer, Department of Justice. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.12.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Racing portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.12.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

7.12.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included the following (page numbers refer to the transcript on the Committee's website):

- unclaimed dividends (p.3);
- programs for Victoria's breeding industries (p.3);

- future of jumps racing (pp.3-5);
- developing racing infrastructure (p.4);
- assistance to country racing clubs for additional racing meetings (p.6);
- greyhound and harness racing in Wangaratta (pp.6-7); and
- support for picnic racing (pp.7-8).

7.12.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

7.12.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing, but a number of unasked questions from the Committee will be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

CHAPTER 8: DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT HEARINGS

8.1 Introduction

The Department of Planning and Community Development is responsible for the administration of the following portfolios:

- Aboriginal Affairs;
- Local Government;
- Planning;
- Regional and Rural Development;
- Regional Cities;
- Sport and Recreation; and
- Veterans' Affairs.

8.2 Key budget themes for 2011-12

The Department advised the Committee that its key strategic priorities for 2011-12 include:⁷⁵

- *implementing planning and regulatory reforms to assist in the management of population growth and infrastructure planning;*
- *developing planning strategies for metropolitan and regional areas experiencing significant growth and change;*
- *driving economic growth in regional and rural Victoria;*
- *partnering with business, communities, community and sporting organisations and councils to improve the way community and sporting facilities and infrastructure are planned and developed;*
- *working with and building the capacity of local governments, community and volunteer organisations in planning, service provision and the recognition and management of cultural heritage; and*
- *delivering whole of government strategies to close the gap between Indigenous and non-Indigenous Victorians and supporting the needs of Victorian veterans.*

The Department indicated that it is currently reviewing its corporate plan, including the objectives and goal, to reflect machinery-of-government changes.⁷⁶

75 Department of Planning and Community Development, response to the Committee's Budget Estimates Questionnaire – Part A, received 28 April 2011, p.2

76 *ibid.*

8.3 Major priority shifts for 2011-12

The Department explained that its priorities have changed since the 2010-11 Budget:⁷⁷

Since the machinery-of-government changes (effective 1 January 2011), the Department of Planning and Community Development (DPCD) now has an expanded role for integrated planning and development across all of Victoria including metropolitan and regional areas.

Regional teams from Regional Development Victoria and DPCD have been combined into one regional network, serving all DPCD portfolios. This means DPCD will have a stronger regional delivery structure and a consolidated presence in the regions.

A particular emphasis of DPCD will be to drive economic growth in regional and rural development, including the administration of the \$500m Regional Growth Fund for key projects that will lead to thriving regions.

8.4 Aboriginal Affairs portfolio

8.4.1 Introduction

The Committee received evidence from the Hon. Jeanette Powell MP, Minister for Aboriginal Affairs, on 18 May 2011. The Minister provided an overview of the Aboriginal Affairs portfolio at the start of the hearing, assisted by Yehudi Blacher, Secretary; Greg Forck, Chief Financial Officer; Jennifer Samms, Executive Director, Aboriginal Affairs Taskforce; and Ian Hamm, Executive Director, Aboriginal Affairs Victoria, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.4.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Aboriginal Affairs portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 8.4.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

8.4.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- the Aboriginal Heritage Act and registered Aboriginal parties (p.4);

77 *ibid.*

- future direction of Reconciliation Victoria (pp.4-5);
- *Closing the Gap* target for indigenous people employed in the public sector (p.5);
- governance and leadership capacity of the indigenous community (pp.5-6); and
- support for the National Congress of Australia's First Peoples (p.6).

8.4.4 Documents tabled at the budget estimates hearing

The Minister spoke to a series of slides at the budget estimates hearing. The Minister also tabled a document showing Aboriginal cultural heritage by electorates. The slides and document are available on the Committee's website (www.parliament.vic.gov.au/paec).

8.4.5 Questions taken on notice at the budget estimates hearing

The Minister took a question on notice at the hearing regarding the number of indigenous people currently employed within the public sector (p.5).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

8.5 Local Government portfolio

8.5.1 Introduction

The Committee received evidence from the Hon. Jeanette Powell MP, Minister for Local Government, on 18 May 2011. The Minister provided an overview of the Local Government portfolio at the start of the hearing, assisted by Yehudi Blacher, Secretary; Greg Forck, Chief Financial Officer; Prue Digby, Deputy Secretary, Planning and Local Government; and John Watson, Executive Director, Local Government Victoria, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.5.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Local Government portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 8.5.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

8.5.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.4) and the following (page numbers refer to the transcript on the Committee's website):

- consultation with local government regarding accelerating the increase in landfill levies (pp.4-5);
- the *Green Light Plan* to upgrade existing public lighting to energy-efficient alternatives (p.5);
- rate-capping on councils (pp.5-6);
- ensuring the sustainability of public library infrastructure (pp.6-7);
- support to councils for unfunded superannuation liabilities (p.7); and
- flood recovery measures (pp.7-8).

8.5.4 Documents tabled at the budget estimates hearing

The Minister spoke to a series of slides at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

8.5.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

8.6 Planning portfolio

8.6.1 Introduction

The Committee received evidence from the Hon. Matthew Guy MLC, Minister for Planning, on 12 May 2011. The Minister provided an overview of the Planning portfolio at the start of the hearing, assisted by Yehudi Blacher, Secretary; Greg Forck, Chief Finance Officer; Prue Digby, Deputy Secretary, Planning and Local Government, Regional Development Victoria; and David Hodge, Executive Director, Planning Services and Urban Development, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.6.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Planning portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 8.6.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

8.6.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Planning policies and administration

- new metropolitan planning policy for Melbourne (pp.7, 10-11);
- Urban Renewal Authority (pp.4, 7, 10, 14, 22);
- Peri-Urban Unit (pp.9, 19-20); and
- Housing Affordability Unit (p.21).

Planning and managing population growth

- responding to housing demand in Victoria (pp.5-6);
- land supply in the metropolitan area (pp.12-13);
- infill sites in Melbourne (p.14);
- changes to Melbourne's urban growth boundary (pp.14-15);
- assistance for peri-urban councils to manage population growth (p.19);
- incentives to balance population growth to regions (p.9);
- land supply in regional cities (pp.20-1); and
- land supply in the Latrobe Valley (pp.17-18, 21).

Urban renewal

- revitalising Frankston (pp.6-7, 23-4);
- funding for urban renewal (pp.6-7, 22); and
- Urban Renewal Authority (pp.4, 7, 10, 14, 22).

Planning issues in coastal areas

- land use adaptation plans for Victoria's coastal developments – financial risk to government (pp.11-12, 16-17);
- availability of maps of Victoria's coastline in preparation for storm surges and probable sea level rises (pp.18-19); and
- release of the Gippsland coastal management strategy (pp.21-2).

Financial and economic issues

- growth area infrastructure contribution (p.5);
- funding for Heritage Victoria (p.13);
- efficiency savings in the forward estimates (pp.22-3); and
- planning and subdivision fees (pp.24-5).

Other matter

- wind farms (pp.7-8).

8.6.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

8.6.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- key performance indicators for the Peri-Urban Unit (p.20);
- key performance indicators for the Housing Affordability Unit (p.21); and
- release of the Gippsland coastal management strategy (p.22).

A number of unasked questions from the Committee will also be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

8.7 Regional and Rural Development portfolio

8.7.1 Introduction

The Committee received evidence from the Hon. Peter Ryan MP, Minister for Regional and Rural Development, on 12 May 2011. The Minister provided an overview of the Regional and Rural Development portfolio at the start of the hearing, assisted by Yehudi Blacher, Secretary; Greg Forck, Chief Finance Officer; Xavier Csar, Acting Deputy Secretary, Regional Development Victoria; and Sue Jaquinot, Deputy Secretary, Community Development, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.7.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Regional and Rural Development portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 8.7.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

8.7.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.4) and the following (page numbers refer to the transcript on the Committee's website):

Regional Growth Fund

- the local project stream of the Regional Growth Fund (p.6);
- funding previously committed to the Regional Infrastructure Development Fund (pp.6-7); and
- interface councils' eligibility for funding (pp.7-8).

Other matters

- responsibility for job creation programs in regional Victoria (pp.4-6);
- administrative arrangements for Regional Development Victoria (p.10);
- the *Regional Development and Regional Cities* output (p.7);
- support for communities affected by the recent floods (pp.9-10); and
- support for communities affected by the 2009 bushfires through the bushfire response planning unit (pp.11-12).

8.7.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

8.7.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing, but a number of unasked questions from the Committee will be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

8.8 Regional Cities portfolio

8.8.1 Introduction

The Committee received evidence from the Hon. Dr Denis Napthine MP, Minister for Regional Cities, on 10 May 2011. The Minister provided an overview of the Regional Cities portfolio at the start of the hearing, assisted by Yehudi Blacher, Secretary; Greg Forck, Chief Finance Officer; Xavier Csar, Acting Deputy Secretary, Regional Development Victoria; and Lill Healy, Executive Director, Policy and Planning, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.8.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Regional Cities portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 8.8.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

8.8.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- responsibilities of the portfolio (pp.3-5);
- feedback on the Regional Growth Fund (p.4);
- funding for the Geelong cultural precinct (pp.5-6); and
- the port of Geelong (p.6).

8.8.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

8.8.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing, but a number of unasked questions from the Committee will be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

8.9 Sport and Recreation portfolio

8.9.1 Introduction

The Committee received evidence from the Hon. Hugh Delahunty MP, Minister for Sport and Recreation, on 16 May 2011. The Minister provided an overview of the Sport and Recreation portfolio at the start of the hearing, assisted by Yehudi Blacher, Secretary; Greg Forck, Chief Finance Officer; Dr Peter Hertan, Deputy Secretary, Sport and Recreation Victoria; and James Montgomery, Director, Community Sport and Recreation, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.9.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Sport and Recreation portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 8.9.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

8.9.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.5-6) and the following (page numbers refer to the transcript on the Committee's website):

Infrastructure

- minor sport and recreation grants to alleviate the backlog of upgrades (p.7);
- provision of sporting facilities and infrastructure for women (p.9);
- redevelopment of cricket facilities at Junction Oval (pp.7-8);
- commitment to stage 3 of Skilled Stadium and major sporting facilities in general (p.13); and
- the Chelsea women's sports centre (pp.13-14).

Fees

- athletics and sports centres – fee structure for community organisations (pp.6-7); and
- use of the Albert Park state athletics centre – rates to be charged to the South Melbourne Districts Little Athletics Club (pp.14-15).

Other matters

- maximising the performance of Victorian athletes (pp.8-9);
- the community support and recreational sports package (pp.9-10);
- budget savings to be borne by the Sport and Recreation portfolio (p.11);
- sporting uniform grants program and impact on cost-of-living pressures (pp.11-12);
- status of the *Go for Your Life* program (pp.12-13);
- support for volunteers and coaches (p.14); and
- commitment to the Stawell Gift and other important regional events (pp.15-16).

8.9.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation, followed by a video, at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

8.9.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice at the hearing relating to (page numbers refer to the transcript on the Committee's website):

- budget savings to be borne by the sport and recreation portfolio (p.11).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

8.10 Veterans' Affairs portfolio

8.10.1 Introduction

The Committee received evidence from the Hon. Hugh Delahunty MP, Minister for Veterans' Affairs, on 16 May 2011. The Minister provided an overview of the Veterans' Affairs portfolio at the start of the hearing, assisted by Yehudi Blacher, Secretary; Greg Forck, Chief Finance Officer; Dr Peter Hertan, Deputy Secretary, Veterans Unit; and David Roberts, Manager, Veterans Unit, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.10.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Veterans' Affairs portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 8.10.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

8.10.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

- commemorating the centenary of the commencement of World War I and the Gallipoli landings (pp.4-5);
- Seymour Vietnam veterans walk (p.5);
- redevelopment of the galleries of remembrance and the education centre located underneath the Shrine of Remembrance (p.5); and

- passing on veterans' stories to future generations (p.6).

8.10.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

8.10.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

CHAPTER 9: DEPARTMENT OF PREMIER AND CABINET HEARINGS

9.1 Introduction

The Department of Premier and Cabinet is responsible for the administration of the following portfolios:

- Arts;
- Multicultural Affairs and Citizenship; and
- Premier.

9.2 Key budget themes for 2011-12

The Department advised the Committee that the key strategic priorities underpinning the 2011-12 Budget are:⁷⁸

- *establishing the first comprehensive integrity and anti-corruption commission in Victoria's history;*
- *creating a number of independent offices and panels to ensure both independent advice to, and the accountability of, government;*
- *increasing opportunities in regional Victoria, including greater access to Government, and an increased focus on regional arts development and access;*
- *supporting the judicial review of the Child Protection system and playing a national leadership role in the establishment of a National Disability Insurance Scheme; and*
- *delivering a new Victorian multicultural grants program and supporting innovative new arts initiatives.*

9.3 Major priority shifts for 2011-12

The Department indicated that, in contrast to the above priorities, its priorities in 2010-11 were:⁷⁹

- *ensuring Victoria was able to respond to the changing global economy and to the effects of climate change;*
- *promoting greater social cohesion, safety and respect in Victoria;*
- *maximising the social, environmental and economic benefits for Victoria from the National Reform Agenda; and*

78 Department of Premier and Cabinet, response to the Committee's Budget Estimates Questionnaire – Part B, received 9 May 2011, p.5

79 *ibid.*

- *providing whole of government coordination for major projects, including bushfire recovery.*

9.4 Arts portfolio

9.4.1 Introduction

The Committee received evidence from the Hon. Ted Baillieu MP, Premier and Minister for the Arts, on 13 May 2011. The Premier provided an overview of the Arts portfolio at the start of the hearing, assisted by Helen Silver, Secretary; Penny Hutchinson, Director, Arts Victoria; Dennis Carmody, Deputy Director, Agencies and Infrastructure; and Greg Andrews, Deputy Director, Policy and Programs, Department of Premier and Cabinet. The Committee thanks the Premier and accompanying officers for their attendance and assistance.

9.4.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Arts portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 9.4.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Premier receiving correspondence from the Committee. These responses will be published on the Committee's website.

9.4.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.2-3) and the following (page numbers refer to the transcript on the Committee's website):

- Music Victoria's financial self sustainability (pp.3-4, 6);
- funding for the Victorian College of the Arts (pp.4-5);
- funding to support writers (pp.5-6);
- funding for the Geelong Performing Arts Centre (p.6); and
- the Premiers' reading challenge (pp.6-7).

9.4.4 Documents tabled at the budget estimates hearing

There were no documents tabled at this budget estimates hearing.

9.4.5 Questions taken on notice at the budget estimates hearing

The Premier took one question on notice at the hearing relating to (page numbers refer to the transcript on the Committee's website):

- whether the funding for the Premiers' reading challenge award is indexed over the forward estimates (p.7).

A written response by the Premier to the Committee is due within 21 days of the Premier receiving correspondence from the Committee. This response will be published on the Committee's website.

9.5 Multicultural Affairs and Citizenship portfolio

9.5.1 Introduction

The Committee received evidence from the Hon. Nicholas Kotsiras MP, Minister for Multicultural Affairs and Citizenship, on 17 May 2011. The Minister provided an overview of the Multicultural Affairs and Citizenship portfolio at the start of the hearing, assisted by Hakan Akyol, Interim Chairperson, Victorian Multicultural Commission; and Mark Duckworth, Executive Director, Citizenship and Resilience, Department of Premier and Cabinet. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

9.5.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Multicultural Affairs and Citizenship portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 9.5.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

9.5.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.4) and the following (page numbers refer to the transcript on the Committee's website):

Funding details

- fit-out of the Antipodes Centre (pp.5-6);
- formalising interschool relationships (p.6);
- Victorian Cypriot community celebrations (pp.6-7);
- Hellenic festival and precinct in Oakleigh (p.7);
- a volunteer acquaintance day for people from culturally and linguistically diverse backgrounds (p.8);
- multicultural employment (p.9);
- sunsetting programs (p.9); and
- expansion of languages other than English education (pp.9-10).

Victorian Multicultural Commission

- composition and appointment of members to the Victorian Multicultural Commission (pp.4-5);
- independence of appointees to the Victorian Multicultural Commission (p.5); and
- the *Promoting Community Harmony Program* and the *Victorian Multicultural Commission Community Grants Program* (p.10).

Other matters

- the *African Community Leadership* program (p.6);
- benefits to be derived from major events (p.7);
- whole-of-government services and programs (pp.7-8); and
- role of the International Student Care Service (p.8).

9.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

9.5.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

9.6 Premier's portfolio

9.6.1 Introduction

The Committee received evidence from the Hon. Ted Baillieu MP, Premier of Victoria, on 13 May 2011. The Premier provided an overview of the Premier's portfolio at the start of the hearing, assisted by Helen Silver, Secretary; Pradeep Philip, Deputy Secretary, Policy and Cabinet Group; Tony Cook, Deputy Secretary, Government and Corporate Group; and Mark Duckworth, Executive Director, Citizenship and Resilience, Department of Premier and Cabinet. The Committee thanks the Premier and accompanying officers for their attendance and assistance.

9.6.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Premier's portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 9.6.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Premier receiving correspondence from the Committee. These responses will be published on the Committee's website.

9.6.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.5) and the following (page numbers refer to the transcript on the Committee's website):

Community safety

- expected benefits of community safety measures (pp.9-10);
- initiatives for community safety (p.19);
- protective service officers on railway stations (pp.20, 23-4);
- deployment of 1,700 new front-line police and new transit police (p.21); and
- child protection services (pp.6-7).

Transport

- improving safety at level crossings (pp.17-18);
- New Street level crossing (pp.18-19); and
- improving the public transport network (p.30).

Health and hospitals

- *Same-Sex-Attracted and Gender-Questioning Youth Suicide Prevention Initiative* (pp.12-13);
- consideration of banning smoking in outdoor drinking and dining areas (pp.19-20);
- strengthening palliative care (pp.24-5);
- hospital capital works in the Northern Victorian Region (p.26); and
- addressing mental health issues (pp.27-8).

Education

- education initiatives, including those relating to new schools (p.10);
- special schools and schools for children with autism (pp.11-12);
- preventing bullying in schools (pp.13-14); and
- class sizes (p.20).

The environment

- reducing greenhouse gas emissions and Hazelwood power station (pp.21-2).

Integrity of government

- costs associated with the review into police command (p.7);

- position of Director-General of the Victorian Cabinet Office (p.8);
- establishment of an independent office of the FOI Commissioner (pp.14-16);
- probity of ministers (pp.28-30); and
- timeline for establishing an independent government advertising review panel (pp.30-1).

Cost of living

- helping with energy bills (p.16); and
- reducing grocery prices (pp.16-17).

Other matters

- public sector wage policy and amounts provided in the Budget for employee expenses (pp.6, 25-6);
- establishing regional offices of the Department of Premier and Cabinet (pp.8, 26-7);
- managing major projects (pp.8-9);
- funding for JobWatch (pp.10-11); and
- role of the Government Architect in Victoria (pp.22-3).

9.6.4 Documents tabled at the budget estimates hearing

The Premier provided an introductory slide presentation at the budget estimates hearing. The Committee tabled an advertisement from the 2010 State election. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

9.6.5 Questions taken on notice at the budget estimates hearing

The Premier took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- comparison of the amounts for employee expenses contained in the 2011-12 forward estimates with figures detailed in the December 2010 Budget Update (p.6); and
- actual cost of the review into police command (p.7).

Written responses by the Premier to the Committee are due within 21 days of the Premier receiving correspondence from the Committee. These responses will be published on the Committee's website.

CHAPTER 10: DEPARTMENT OF PRIMARY INDUSTRIES HEARINGS

10.1 Introduction

The Department of Primary Industries is responsible for the administration of the following portfolios:

- Agriculture and Food Security; and
- Energy and Resources.

10.2 Key budget themes for 2011-12

In its response to the Committee's budget estimates questionnaire, the Department advised the Committee that the key strategic priorities underpinning the 2011-12 Budget include:⁸⁰

- ***Agriculture: driving productivity and enabling adjustment*** – *Developing new technologies and farm practices will be critical to boosting agricultural productivity and export potential, as will early detection and management of biosecurity threats to minimise their impact and enhance market access. Policy settings, research, development and practice change will enable farm businesses to adapt to change and remove barriers to careers for young people in food and fibre production.*
- ***Forestry: securing investment and jobs*** – *Providing long-term security for the forest industry and maximising the value of Victoria's timber resources is a priority, as is assisting the industry to adapt to environmental, social and economic change.*
- ***Fisheries: sustainably managing the resource*** – *Improving fisheries management decisions by conducting research into sustainable management of Victorian fisheries, developing national reforms and improving consultation with industry are key priorities, as is improving recreational opportunities from fishing.*
- ***Energy: transformation of Victoria's energy sector*** – *Ensuring a policy environment conducive to investment in a range of energy generation sources and distribution is critical to the transformation that would be required under carbon constraints, as is achieving an efficient national energy market, facilitating greater energy use efficiency and quantifying the costs and benefits for a full range of options to reduce the risks of catastrophic bushfires from electricity infrastructure.*
- ***Earth Resources: capturing the value*** – *Building Victoria's international profile as a highly prospective state with some globally significant resource endowments and providing a robust, predictable and responsive policy and regulatory framework will be critical to attracting and securing investment in Victoria's earth resources. Moderating cost of living pressures through*

80 Department of Primary Industries, response to the Committee's Budget Estimates Questionnaire – Part A, received 28 April 2011, pp.5-6

access to competitively priced and secure energy sources and technological opportunities that exist with respect to coal and carbon capture and storage is a priority, along with developing new earth resource contributions to power generation.

The Department also provided details of its planning processes in its response.

10.3 Major priority shifts for 2011-12

Comparing the 2011-12 Budget to the 2010-11 Budget, the Department indicated that:⁸¹

The Department of Primary Industries' strategic priorities for 2011-12 build on its 2010-11 strategic priorities, with a continuing focus on ensuring that the Department designs and delivers government policies and programs which enable Victoria's primary industries (agriculture, forestry, fisheries, energy and earth resources) to sustainably maximise employment, wealth and wellbeing for Victorian families, regions and communities. Implicit in the Department's 2011-12 strategic priorities is an increased emphasis on delivering the Government's policy commitments.

10.4 Agriculture and Food Security portfolio

10.4.1 Introduction

The Committee received evidence from the Hon. Peter Walsh MP, Minister for Agriculture and Food Security, on 19 May 2011. The Minister provided an overview of the Agriculture and Food Security portfolio at the start of the hearing, assisted by Richard Bolt, Secretary; Chris O'Farrell, Chief Financial Officer; and Professor German Spangenberg, Executive Director, Biosciences Research Division, Department of Primary Industries. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

10.4.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Agriculture and Food Security portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 10.4.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

10.4.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

81 *ibid.*, p.6

Financial matters

- savings required over the forward estimates period (pp.5-6);
- departmental role and increase in funding (p.6);
- stamp duty tax exemption for young farmers (pp.8-10);
- attracting young farmers (p.15); and
- strong Australian dollar and agricultural sector export (pp.15-16).

Protecting primary producers

- responsibility for roadside weed and pest control (pp.6-7); and
- control of invasive species, specifically:
 - varroa mites (p.8);
 - wild foxes (pp.13-14);
 - fruit flies (p.14);
 - fruit bats (pp.14-15);
 - wild dogs (p.16);
 - feral cats (pp.18-19); and
 - chestnut blight (p.21).

Support for primary producers

- the bee industry (p7);
- disputes regarding unintended genetically modified crop dispersal (pp.7-8);
- flood recovery initiatives for primary producers (pp.10-12);
- native forest industry and recent bushfires (p.11);
- smoke taint in wine and an increase in fuel reduction activity (pp.12-13, 17-18);
- recreational fishing and engagement with culturally and linguistically diverse communities (p.13);
- the dairy industry (pp.17, 19-20);
- tackling climate change impacts on the agricultural sector (pp.20-1); and
- increasing the use of rail freight (pp.21-2).

Other matter

- tackling illegal puppy farming (p.22).

10.4.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides and tabled documents are available on the Committee's website (www.parliament.vic.gov.au/paec).

10.4.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

10.5 Energy and Resources portfolio

10.5.1 Introduction

The Committee received evidence from the Hon. Michael O'Brien MP, Minister for Energy and Resources, on 18 May 2011. The Minister provided an overview of the Energy and Resources portfolio at the start of the hearing, assisted by Richard Bolt, Secretary; Richard Aldous, Deputy Secretary, Energy and Earth Resources; Chris O'Farrell, Chief Financial Officer; and Peter Naughton, Executive Director, Energy Sector Development, Department of Primary Industries. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

10.5.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Energy and Resources portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 10.5.4) are also available on the Committee's website. Written answers to unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

10.5.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Energy

- proportion of renewable energy from wind farms (pp.5-7);
- targets for energy consumption from wind and solar power (pp.12-14);
- impact of not closing two units of the Hazelwood power station (pp.7-8);
- royalties from brown coal mining (pp.8-9);
- energy efficiency and renewable energy programs (pp.9-10, 12);
- Safer Electricity Assets Fund and bushfires royal commission recommendation (pp.10, 14);

- review of the smart meter program (pp.10-11); and
- market-based gross feed-in tariff scheme and premium solar scheme (p.16).

Other matters

- coordinating minister for the Department of Primary Industries (p.5);
- State rights and royalties outside the current three-nautical-mile limit (p.11);
- resources exploration in national parks and in marine national parks (p.14); and
- re-opening the Princes Highway at Morwell (pp.14-15).

10.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The Deputy Chair of the Committee also tabled two maps regarding potential wind farm sites in the State. The slides and tabled documents are available on the Committee's website (www.parliament.vic.gov.au/paec).

10.5.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing, but a number of unasked questions from the Committee will be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

CHAPTER 11: DEPARTMENT OF SUSTAINABILITY AND ENVIRONMENT HEARINGS

11.1 Introduction

The Department of Sustainability and Environment is responsible for the administration of the following portfolios:

- Environment and Climate Change; and
- Water.

11.2 Key budget themes for 2011-12

The Department advised the Committee that the key strategic priorities underpinning the 2011-12 Budget are:⁸²

- *responding to flood and bushfire events;*
- *delivering election commitments;*
- *implementing a new regional service delivery model; and*
- *increasing the level of planned burning on public land consistent with the recommendations of the Victorian Bushfire Royal Commission.*

Further detail about these priorities is provided in the Department's response to the budget estimates questionnaire, which is available online at www.parliament.vic.gov.au/paec.

The Department also indicated that it has the following medium-term priorities:⁸³

- *implementing a long-term program of prescribed burning based on an annual rolling target of 390,000 hectares as part of the implementation of the Victorian Bushfires Royal Commission's recommendations;*
- *expanding the successful market-based delivery approach to address environmental decline on private land; and*
- *delivering Stage 2 of the Northern Victoria Irrigation Renewal Project.*

11.3 Major priority shifts for 2011-12

The Department indicated that the following changes to priorities have occurred between the 2010-11 and 2011-12 budgets:⁸⁴

The response to recent flooding events is a new priority driven by extreme weather events in late 2010 and early 2011. These events have offset, but not removed,

82 Department of Sustainability and Environment, response to the Committee's Budget Estimates Questionnaire – Part A, received 28 April 2011, p.2

83 *ibid.*, p.3

84 *ibid.*

last year's priorities around drought and water security. The focus on regional service delivery is also a newly identified priority.

11.4 Environment and Climate Change portfolio

11.4.1 Introduction

The Committee received evidence from the Hon. Ryan Smith MP, Minister for Environment and Climate Change, on 20 May 2011. The Minister provided an overview of the Environment and Climate Change portfolio at the start of the hearing, assisted by Greg Wilson, Secretary, and Matthew Clancy, Deputy Chief Finance Officer, Department of Sustainability and Environment. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

11.4.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Environment and Climate Change portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 11.4.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

11.4.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Environment

- catchment management authorities (pp.12-13);
- adequacy of additional fire reduction funding to meet bushfires royal commission target for fuel reduction (pp.13-14);
- Flood Recovery Community Infrastructure Fund (pp.17-18);
- reduced funding for the *Sustainable Water Management and Supply* output group (pp.18-19);
- supporting *Landcare* (pp.20-21);
- retention of beaches in Port Phillip Bay (p.23);
- State and National parks:
 - continuation and funding for the cattle returning to the high country trial (pp.5-7, 22);
 - additional funding for Parks Victoria (pp.7-8);

- funding for flood repair (p.12);
- response to the Victorian Auditor-General’s report on the environmental management of marine protected areas (p.15);
- response to 2010-11 storm damage in the Grampians and the Wilsons Promontory National Parks (pp.16-17); and
- park ranger initiative (p.19).

Climate change

- Community Green Fund and practical environmental outcomes (p.6);
- energy efficiency rebates for low-income households initiative (p.7);
- government purchase of green power (p.8);
- climate change budget initiatives to decrease emissions (pp.8-11);
- sustainable schools initiative (pp.11-12);
- business sustainability accreditation program (p.14);
- future of the *Climate Communities* program (p.17); and
- assisting councils along coasts to adapt to climate change impacts (pp.19-20).

Other matter

- zoos admission initiative (pp.14-15, 21).

11.4.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee’s website (www.parliament.vic.gov.au/paec).

11.4.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee’s website):

- previous compensation for graziers involved in cattle returning to the high country trial (p.7);
- source and breakdown of additional funding to Parks Victoria for flood repairs (p.12);
- estimated number of under-16s visiting zoos (pp.14-15);
- target and estimated total greenhouse gas emissions from policies in the Budget over the forward estimates period (p.15-16); and
- reduced funding for the sustainable water management and supply output group and impact upon environmental flows (p.21).

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

11.5 Water portfolio

11.5.1 Introduction

The Committee received evidence from the Hon. Peter Walsh MP, Minister for Water on 19 May 2011. The Minister provided an overview of the Water portfolio at the start of the hearing, assisted by Greg Wilson, Secretary; Dr Jane Doolan, Acting General Manager, Office of Water; and Matthew Clancy, Deputy Chief Finance Officer, Department of Sustainability and Environment. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

11.5.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Water portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 11.5.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

11.5.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

Water use efficiency and savings

- Ballarat integrated water management feasibility study (p.6);
- aims of the Leading the Way – Liveable Victoria Fund and relevance to the Melbourne CBD (pp.7-8);
- completion date of the eastern treatment plant (pp.8-9);
- water efficiency rebates (pp.9-10);
- increased forecast water savings and Target 155 (p.10);
- funding to the Murray-Darling Basin Authority (pp.10-11); and
- reuse of wastewater for non-potable purposes (pp.16-17).

Impact of 2010-11 flooding

- the impact of recent flooding events on the water portfolio (pp.11-13);
- land buyback plan and compulsory acquisition (pp.14-16);

- Goulburn-Murray irrigation district recovery and flood plain restoration (p.16); and
- flood warning and network related programs and preventive flood measures (p.17).

Other matters

- north-south pipeline (pp.4-7);
- water businesses and water dividends (p.11); and
- Northern Victoria Irrigation Renewal Project (pp.13-14).

11.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

11.5.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

CHAPTER 12: DEPARTMENT OF TRANSPORT HEARINGS

12.1 Introduction

The Department of Transport is responsible for the administration of the following portfolios:

- Ports;
- Public Transport; and
- Roads.

12.2 Key budget themes for 2011-12

With respect to the key strategic priorities underpinning the 2011-12 Budget, the Department advised the Committee that:⁸⁵

The Department of Transport (DOT) is currently working with the Government to determine its strategic priorities for 2011-12 and the forward estimates period.

DOT's new strategic directions will be based on the Government's election commitments, initiatives in DOT's existing funded program that the Government chooses to continue and measures to address emerging transport challenges identified through the development of the Metropolitan Planning Strategy and the Transport Solutions Plan.

It is expected that DOT will finalise and formally present its new strategic directions in its next corporate plan, expected to be released in October 2011.

12.3 Major priority shifts for 2011-12

The Department indicated that, in comparison to 2010-11, its new strategic priorities are expected to place greater emphasis on:⁸⁶

- *improving the efficiency of the transport system by targeting maintenance and operations of existing transport infrastructure and services;*
- *improving personal safety;*
- *improving regional and rural transport infrastructure and services; and*
- *significantly improving the Department's focus on the accurate costing of projects during their development phase.*

85 Department of Transport, response to the Committee's Budget Estimates Questionnaire – Part A, received 20 April 2011, p.4

86 *ibid.*

12.4 Ports portfolio

12.4.1 Introduction

The Committee received evidence from the Hon. Dr Denis Napthine MP, Minister for Ports, on 10 May 2011. The Minister provided an overview of the Ports portfolio at the start of the hearing, assisted by Jim Betts, Secretary; Terry Garwood, Executive Director, Freight, Logistics and Marine Division; Gillian Miles, Deputy Secretary, Strategic Transport Planning; and Robert Oliphant, Chief Finance Officer, Department of Transport. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

12.4.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Ports portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 12.4.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

12.4.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Developing ports

- increasing Melbourne's capacity for shipping containers (pp.5-6, 11);
- future use of Webb Dock (pp.10-11);
- feasibility of relocating car import/export to Geelong (pp.8-9);
- developing the port of Hastings, including transport links (pp.11-12); and
- growing regional ports (pp.6-7).

Other matters

- cargo throughput at the ports of Geelong and Portland (pp.12-13);
- freight infrastructure charge (p.7);
- boating facilities and the *Boating Safety Program* (pp.7-8);
- restoring waterways affected by floods for recreational users (pp.9-10); and
- appropriate use of trucks (pp.13-14).

12.4.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

12.4.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing, but a number of unasked questions from the Committee will be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

12.5 Public Transport portfolio

12.5.1 Introduction

The Committee received evidence from the Hon. Terry Mulder MP, Minister for Public Transport, on 10 May 2011. The Minister provided an overview of the Public Transport portfolio at the start of the hearing, assisted by Jim Betts, Secretary; Hector McKenzie, Director of Public Transport; Robert Oliphant, Chief Finance Officer; and Tom Sargent, Deputy Director, Public Transport, Engineering and Asset Management, Department of Transport. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

12.5.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Public Transport portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 12.5.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

12.5.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.6) and the following (page numbers refer to the transcript on the Committee's website):

Metropolitan and regional rail projects – overviews

- asset initiatives in Melbourne's public transport network (pp.11-12); and
- responding to increased patronage of trains (pp.37-8).

Asset investment in the rail network

- premium stations and protective services officers (pp.8-11);

- new rail links to Melbourne and Avalon Airports (pp.18-21);
- new railways stations and upgrades to existing stations (pp.11, 26-7, 34-6);
- Southland Station (pp.31-2);
- network maintenance funding (pp.11, 15-16, 37);
- upgrading and eliminating level crossings across the metropolitan and regional rail networks (pp.11, 21-3); and
- New Street level crossing (pp.31-4).

Investment in rolling stock

- new trains (pp.11, 23-6);
- maintaining and refitting trains (p.16);
- bus services (pp.16-18); and
- new trams (pp.12-15).

Other matters

- environmental impact of the transport network (pp.6-7);
- improving taxi services (pp.29-31);
- access to public transport facilities for people with a disability and compliance with the *Disability Discrimination Act 1992* (pp.26-9);
- Public Transport Development Authority (pp.37-8); and
- performance of the metropolitan rail operator (pp.38-40).

12.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

12.5.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice at the hearing relating to (page numbers refer to the transcript on the Committee's website):

- additional car parking at Merinda Park and Narre Warren train stations (pp.35-6).

A number of unasked questions from the Committee will also be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

12.6 Roads portfolio

12.6.1 Introduction

The Committee received evidence from the Hon. Terry Mulder MP, Minister for Roads, on 10 May 2011. The Minister provided an overview of the Roads portfolio at the start of the hearing, assisted by Jim Betts, Secretary; Robert Oliphant, Chief Financial Officer, Department of Transport; Gary Liddle, Chief Executive; and Bruce Gidley, Chief Operating Officer, VicRoads. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

12.6.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Roads portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 12.6.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

12.6.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included the following (page numbers refer to the transcript on the Committee's website):

Infrastructure projects

- tolls as an option to pay for new infrastructure (pp.4-5);
- country roads and bridges (pp.5-6);
- a second east-west crossing in Melbourne (pp.6-7);
- the truck action plan (pp.8-10);
- funding the cost pressure on the West Gate Bridge rehabilitation project (p.11);
- Western Highway duplication (p.12); and
- Princes Highway from Colac to Winchelsea (p.15).

Road safety

- road safety strategy (pp.10-11);
- young drivers (pp.7-8, 13); and
- hoon drivers (pp.7, 13).

Other matters

- ministerial responsibility for freight and logistics (p.10);
- shifting VicRoads call centre jobs to Ballarat (pp.12-13); and

- re-opening the Princes Highway at Morwell (pp.13-15).

12.6.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

12.6.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing, but a number of unasked questions from the Committee will be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

CHAPTER 13: DEPARTMENT OF TREASURY AND FINANCE HEARINGS

13.1 Introduction

The Department of Treasury and Finance is responsible for the administration of the following portfolios:

- Assistant Treasurer.
- Finance; and
- Treasurer.

13.2 Key budget themes for 2011-12

The Department advised the Committee that:⁸⁷

The department's key strategic priorities for the 2011-12 Budget are its departmental objectives, which guide its policy directions:

- *sound financial management of the State's fiscal resources with an emphasis on maintenance of a substantial budget surplus;*
- *guide government actions to best increase living standards for all Victorians; and*
- *champion an integrated whole of government 'value for money' approach to ensure optimal service delivery and the provision of world class infrastructure to benefit all Victorians.*

In addition, the department will implement the Government's election commitments which relate to the Treasury and Finance portfolio.

13.3 Major priority shifts for 2011-12

Regarding any changes to priorities between the 2010-11 and 2011-12 budgets, the Department indicated that:⁸⁸

Growing Victoria Together related to the previous government and does not form part of the department's 2011-12 budget preparation.

87 Department of Treasury and Finance, response to the Committee's Budget Estimates Questionnaire – Part A, received 28 April 2011, p.4

88 *ibid.*

13.4 Assistant Treasurer's portfolio

13.4.1 Introduction

The Committee received evidence from the Hon. Gordon Rich-Phillips MLC, Assistant Treasurer, on 20 May 2011. The Assistant Treasurer provided an overview of his portfolio at the start of the hearing, assisted by Dean Yates, Acting Secretary, and Adam Todhunter, Deputy Secretary, Government Services Division, Department of Treasury and Finance; Janet Dore, Chief Executive Officer, Transport Accident Commission; and Greg Tweedly, Chief Executive Officer, WorkSafe Victoria. The Committee thanks the Assistant Treasurer and accompanying officers for their attendance and assistance.

13.4.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Assistant Treasurer's portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 13.4.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Assistant Treasurer receiving correspondence from the Committee. These responses will be published on the Committee's website.

13.4.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.4) and the following (page numbers refer to the transcript on the Committee's website):

Savings and efficiencies across government

- procurement (p.5);
- government accommodation (pp.6-7);
- energy and water use in government buildings (pp.7-8); and
- selling surplus government land (p.9).

Other matters

- staff numbers in agencies within the Assistant Treasurer's portfolio (pp.4-5);
- road safety projects (pp.5-6);
- road safety experience centre (p.8);
- WorkCover benefits (p.7); and
- surveillance of WorkCover benefit recipients (pp.9-10).

13.4.4 Documents tabled at the budget estimates hearing

The Assistant Treasurer provided an introductory slide presentation at the budget estimates hearing. The Committee tabled a document from WorkSafe relating to staffing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

13.4.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Assistant Treasurer at the hearing, but a number of unasked questions from the Committee will be provided to him.

Written responses by the Assistant Treasurer to the Committee are due within 21 days of him receiving correspondence from the Committee. These responses will be published on the Committee's website.

13.5 Finance portfolio

13.5.1 Introduction

The Committee received evidence from the Hon. Robert Clark MP, Minister for Finance, on 13 May 2011. The Minister provided an overview of the Finance portfolio at the start of the hearing, assisted by Grant Hehir, Secretary; Dean Yates, Deputy Secretary, Budget and Finance Management Division; Dr Lynne Williams, Undersecretary; and John Fitzgerald, Deputy Secretary, Commercial Division, Department of Treasury and Finance. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

13.5.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Finance portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 13.5.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

13.5.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (pp.2-3) and the following (page numbers refer to the transcript on the Committee's website):

Public sector employment

- travel by public servants overseas (pp.3-4);
- enterprise bargaining agreements (pp.4-5);
- teachers' salaries (pp.7-8); and
- Victorian public sector jobs (p.8).

Funding allocation

- establishing a parliamentary budget office (p.6);
- energy saver incentive scheme (p.9); and
- creating two new ministries (pp.9-10).

Other matters

- changes to the budget papers to improve transparency and accountability (pp.7, 8);
- service delivery and productivity gains (p.8); and
- risks associated with the planning, management and delivery of projects (pp.10-11).

13.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

13.5.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing, but a number of unasked questions from the Committee will be provided to the Minister.

Written responses by the Minister to the Committee are due within 21 days of the Minister receiving correspondence from the Committee. These responses will be published on the Committee's website.

13.6 Treasurer's portfolio

13.6.1 Introduction

The Committee received evidence from the Hon. Kim Wells MP, Treasurer, on 6 May 2011. The Treasurer provided an overview of the Treasury portfolio at the start of the hearing, assisted by Grant Hehir, Secretary; Dean Yates, Deputy Secretary, Budget and Financial Management Division; John Fitzgerald, Deputy Secretary, Commercial Division; and Dr Lynne Williams, Undersecretary, Department of Treasury and Finance. The Committee thanks the Treasurer and accompanying officers for their attendance and assistance.

13.6.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Treasury portfolio. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 13.6.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Treasurer receiving correspondence from the Committee. These responses will be published on the Committee's website.

13.6.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on the impact of predicted population growth on the Budget for this portfolio (p.5) and the following (page numbers refer to the transcript on the Committee's website):

Net result from transactions

- budget strategies (pp.10-11);
- impact of a rise in interest rates (pp.6-7); and
- deferral of the 2010-11 interim dividends from the metropolitan water businesses (pp.8-10).

GST revenue from the Commonwealth

- forecasted GST revenue compared to 2010-11 (pp.11-12);
- impact of the reduction of Victoria's relative share of GST grants (pp.18-19); and
- response to the Commonwealth Government's review of GST distribution (pp.20-1).

Economic indicators

- reduction in the budget forecast for gross state product growth (pp.37-8); and
- improving productivity (pp.22-6).

Capital projects

- projects from the previous government (pp.26-9);
- the desalination plant – presentation on the public sector balance sheet (pp.31-2);
- funding for the Monash Children's Centre (pp.17-18);
- funding for a new Royal Victorian Eye and Ear Hospital (pp.19-20);
- funding for a helipad for the Ballarat Hospital (p.38);
- premium stations (pp.30-1); and
- office renovations in Treasury Square (pp.7-8).

Other matters

- total efficiency savings breakdown (pp.13-14);
- stabilising debt (pp.14-16);
- revenue from insurance contributions to fire services (pp.21-2);
- recurrent and capital budgets – comparison to election commitments (p.17);

- funding new protective service officers on the public transport system (pp.29-30);
- cost-of-living issues (pp.32-4);
- strategies to address key findings of the Independent Review of State Finances (pp.34-6); and
- post-budget road show (pp.36-7).

13.6.4 Documents tabled at the budget estimates hearing

The Treasurer provided an introductory slide presentation at the budget estimates hearing. The Treasurer also tabled an invoice and covering letter associated with the refurbishment of the Treasurer's office. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

13.6.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Treasurer at the hearing, but a number of unasked questions from the Committee will be provided to the Treasurer.

Written response by the Treasurer to the Committee are due within 21 days of the Treasurer receiving correspondence from the Committee. These responses will be published on the Committee's website.

CHAPTER 14: PARLIAMENTARY DEPARTMENTS HEARINGS

14.1 Introduction

The Committee received evidence from the Hon. Ken Smith MP, Speaker of the Legislative Assembly, and the Hon. Bruce Atkinson MLC, President of the Legislative Council, on 9 May 2011. The Presiding Officers provided an overview of the Parliamentary Departments at the start of the hearing, assisted by Ray Purdey, Clerk of the Legislative Assembly; Wayne Tunnecliffe, Clerk of the Legislative Council; and Peter Lochert, Secretary, Department of Parliamentary Services. The Committee thanks the Presiding Officers and accompanying officers for their attendance and assistance.

14.2 Key budget themes for 2011-12

The Parliamentary Departments advised the Committee that the key strategic priorities underpinning the 2011-12 Budget for this portfolio are:⁸⁹

- *establishment of the 57th Parliament including Parliamentary Committees, electorate offices and other support infrastructure;*
- *ensuring that Parliament House remains a functional, contemporary working location within the constraints imposed by its heritage characteristics;*
- *delivering the appropriate range of services required by Parliament within existing resources and against a background of rising costs and increasing service needs;*
- *enhance citizen participation by expanding the Community Engagement program;*
- *delivering the video broadcasting of proceedings in the Legislative Council, Legislative Assembly and Committees;*
- *upgrade Parliament Precinct security whilst maintaining public access to Parliament House; and*
- *training and retention of staff specialising in parliamentary procedure.*

14.3 Major priority shifts for 2011-12

In their response to the budget estimates questionnaire, the Parliamentary Departments did not specify how the priorities for 2011-12 differed from the priorities for 2010-11.⁹⁰

89 Parliamentary Departments, response to the Committee's Budget Estimates Questionnaire – Parts A and B, received 4 May 2011, p.5

90 *ibid.*

14.4 General comments about the budget estimates hearing

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2011-12 relating to the Parliamentary Departments. Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 14.6) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions are expected to be received by the Committee within 21 days of the Presiding Officers receiving correspondence from the Committee. These responses will be published on the Committee's website.

14.5 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included the following (page numbers refer to the transcript on the Committee's website):

Webcasting

- availability of audio and video webcasting (pp.4-5);
- recording, retrieving and saving material – funding an archiving service (p.5);
- members' access to material and the establishment of protocols (pp.5-6); and
- regional visits to schools assisted by the webcast (pp.14-15).

Maintenance and integrity of the Parliament building

- project management and governance of the repair/maintenance project (pp.8-9);
- master plan progress e.g. in terms of security (p.9);
- dissemination of information to members (p.10);
- purpose of the building (pp.11-13);
- efficient use of space at the Parliament precinct (p.13);
- fire detection systems and replacement of non-compliant switchboards (p.16);
- tourism potential of the heritage building (pp.18-19); and
- revenue generation capacity (p.19).

Electorate offices

- unsuitability of the Mitcham electorate office (pp.6-7);
- future cost implications (p.7);
- extent of leases broken after the 2010 election (p.7); and
- security and access arrangements (p.8).

Other matters

- establishment of a parliamentary budget office (p.10);
- funding of parliamentary committees (pp.10-11);
- the budget for the Victorian Auditor-General's Office (pp.13-14);
- presiding officers undertaking overseas travel – disclosure of details (pp.15-16);
- procedural support – scope of legitimate questioning of ministers (pp.16-17); and
- extension of IT service assistance after hours or on the weekend (p.19).

14.6 Documents tabled at the budget estimates hearing

The Presiding Officers provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

14.7 Questions taken on notice at the budget estimates hearing

The Presiding Officers agreed to provide further information relating to the following topic (the page number refers to the transcript on the Committee's website):

- cost of changed arrangements at the Micham office (p.7).

A number of unasked questions from the Committee will also be provided to the Presiding Officers.

Written responses by the Presiding Officers to the Committee are due within 21 days of them receiving correspondence from the Committee. These responses will be published on the Committee's website.

EXTRACT FROM THE MINUTES OF PROCEEDINGS

Thursday 26 May 2011

Chapter 2: Key Aspects of the 2011-12 Budget

Motion: That content be deleted starting from the second paragraph in section 2.2, subsection 2.2.1 (page 9) which begins, “Prior to the presentation of the Budget to the Parliament...” and its accompanying two dot points which continues over to page 10 up till and including the line which ends, “..... that the Government adopt the framework for future budgets.”

Moved: Martin Pakula MLC

Seconded: Jill Hennessy MP

The Committee was divided on the motion.

Ayes

Martin Pakula MLC

Jill Hennessy MP

Robin Scott MP

Noes

Philip Davis MLC

David O’Brien MLC

David Morris MP

Neil Angus MP

Motion negatived.

Report Adoption

Motion: That subject to any errors and omissions to be dealt with by the Chairman and Deputy Chairman, the full contents of the Report on the 2011-12 Budget Estimates – Part One be adopted and tabled.

Moved: Robin Scott MP

Seconded: David O’Brien MLC

Resolved in the affirmative.

