



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

2011-12 BUDGET ESTIMATES QUESTIONNAIRE

DPI

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PART A: Non-Budget-sensitive information

Responses to questions in Part A are due by 5.00 pm, Thursday 28 April 2011

1. Strategic priorities

Question 1.1

What are the Department's key strategic priorities that underpin its budget for 2011-12 and over the forward estimates to 2014-15?

DPI's current interim Strategic Plan 2010-13 describes the outcomes the Department seeks to achieve and how the department intends to deliver these outcomes. The Strategic Plan is reviewed annually to ensure that activities undertaken are in alignment with current demands, challenges and opportunities impacting on Victoria's primary and energy industries.

In addition to the Strategic Plan, the Department's service and asset strategies detail the department's strategic directions beyond 2012-13.

DPI's key strategic priorities informing the Department's 2011-12 Budget and its work activities include:

- **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 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’s key strategic priorities align with new funding sought through the annual budget process and existing funded projects and/or programs which may not be published in the 2011-12 State Budget Papers.

Question 1.2

If applicable, how do these priorities differ from the previous year?

DPI’s 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.

2. Budget preparation

Question 2.1

- (a) Does your Department estimate the cost of providing input into the process of developing the State Budget?

DPI does not formally estimate the cost of providing input into the process of developing the State Budget, as it does not undertake costing by detailed activity. The State Budget process is a core annual support activity of the department and involves numerous staff and effort across the department.

DPI has a small central team (Budget Strategy) who coordinate the Department’s role in the annual State Budget process on behalf of the Department. A major component of Budget Strategy’s role includes liaising with Divisional, central agency and senior DPI staff as part of the coordination of initiatives and submission process.

The cost and time of Budget Strategy’s effort has been reasonably estimated, and is answered in Question 2.1(c) below.

- (b) If so, what are the cost centres involved e.g. preparation of budget bids; preparation, internal reviews and approvals of business cases; servicing the Budget Expenditure Review Committee?

Not applicable.

- (c) If it is possible to do so, what is the Department's estimate of the cost of work undertaken as part of the preparation of the 2011-12 Budget (please provide a breakdown according to key tasks if possible). For the Department of Treasury and Finance, please provide a breakdown that differentiates between the part of the Department that provides input as a department and the part of the Department that manages the budget process as a whole on behalf of the Government.

It is not possible to estimate the cost of work undertaken by the **entire department** in preparation for the 2011-12 State Budget. This is because there are a number of staff undertaking work, including policy development and engagement, which may support budget bids but which cannot be reliably estimated. However an estimate is provided for the work undertaken by DPI's central team (Budget Strategy) who coordinate the State Budget process on behalf of the Department.

The Budget Strategy team employs three staff who are engaged in budget preparation activities throughout the year. Key activities undertaken by Budget Strategy include:

- Planning in preparation for the State Budget (e.g. internal coordination of initiatives to be put forth for funding);
- Coordination of DPI's 2011-12 Submission (e.g. communicating central agency requirements and quality assurance of submission); and
- Development of the DPI's sections of the State Budget Papers.

It is estimated that the cost of their time and effort in undertaking these activities for the 2011-12 State Budget is approximately \$100,000.

- (d) What is the estimated expenditure incurred for the engagement of consultants by the Department to assist in the preparation of items considered for the State Budget for 2011-12?

DPI is required to prepare a submission for every initiative it puts forth for consideration as part of the 2011-12 State Budget. The information to be covered in the submission is determined by the Department of Treasury and Finance (DTF). Submissions for larger or more complex initiatives are generally accompanied by a business case.

For the 2011-12 State Budget, all submissions and two out of three business cases submitted were prepared by DPI staff. DPI incurred expenses of \$6,000 for the engagement of consultants to prepare one business case.

Question 2.2-2.3 (Department of Treasury and Finance only)

3. Performance measures

Question 3.1 (Department of Treasury and Finance only)

PART B: Budget-sensitive information

Responses to questions in Part B are due by 5.00 pm, Wednesday 4 May 2011

4. Strategic priorities

Question 4.1

- (a) What are the impacts of any differences in the Department's strategic priorities between 2010-11 and 2011-12 on funding and resource allocation?
- (b) Please identify any programs or initiatives over \$2 million that have been curtailed, deferred, discontinued or completed as a result of changes in strategic priorities between 2010-11 and 2011-12.

Response

- (a) As detailed in DPI's response to question 1.2 (a) of the questionnaire, DPI's strategic priorities for 2011-12 build on its 2010-11 strategic priorities.

Implicit in the Department's 2011-12 strategic priorities is an increased emphasis on delivering the Government's election policy commitments. As a result, funding and resource allocation decisions for 2011-12 have an elevated focus on providing for the Government's election policy commitments regarding:

- Meeting future energy needs;
- Agricultural industry support;
- Animal welfare;
- Supporting recreational fishing opportunities; and
- Biosecurity, Pest Animal and Weed control.

These policy commitments are in alignment with the Department's strategic priorities.

- (b) No programs or initiatives over \$2 million have been curtailed, deferred, discontinued or completed as a direct result of changes in strategic priorities in 2011-12.

5. Budget preparation

Question 5.1-5.3 (Department of Treasury and Finance only)

6. Spending

Question 6.1

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2010-11 and the target for 2011-12 for individual outputs.

Response

Output	2010-11 Expected Outcome \$'m	2011-12 Published Target \$'m	Variance \$'m	Variance %	Comment
Primary Industries Policy	63.9	83.9	20.0	31.3	The 2011-12 Published Target is higher than the 2010-11 Expected Outcome due to additional funding received for CarbonNet.
Regulation and Compliance	155.2	111.3	-43.9	-28.3	The 2010-11 Expected Outcome is higher than the 2011-12 Published Target due to additional funding allocated in 2010-11 to meet the costs of undertaking urgent locust control activities in Victoria.
Strategic and Applied Scientific Research	227.5	254.0	26.5	11.6	The 2011-12 Published Target is higher than the 2010-11 Expected Outcome due to the commencement of quarterly service payments for the Biosciences Research Centre project in accordance with the Partnerships Victoria contractual arrangements.
Sustainable Practice Change	125.4	81.5	-43.9	-35.0	The 2011-12 Published Target is lower than the 2010-11 Expected Outcome due to the completion of the existing Exceptional Circumstances Interest Rate Subsidy Scheme.
Total	571.9	530.7	-41.2	-7.2	

Question 6.2

In relation to expenses from transactions that relate to 'Employee Benefits', please explain any variations of more than 10 per cent between the expected outcome for 2010-11 and the target for 2011-12.

Response

Not applicable as the variance does not exceed plus or minus 10 per cent.

Question 6.3

- (e) As 'other operating expenses' constitute around a third of total expenses for the general government sector, please provide a breakdown of the major components of the Department's expected expense for 2010-11 and the Department's target for this item for 2011-12.
- (f) Please explain any variations of more than 10 per cent between the expected outcome for 2010-11 and the target for 2011-12 for these major components.

Response

(a)

Major components of DPI's Operating Expenses	Expected Expense 2010-11 \$'m	Estimated Target 2011-12 \$'m	Variation %
Laboratory consumables and chemicals	18.0	15.0	-16.7
Professional services	16.2	15.5	-4.3
Property and Accommodation expenses	15.1	15.5	2.6
Contract services	15.0	14.5	-3.3
Agency Labour Hire	14.6	14.0	-4.1
Information Technology costs	15.2	15.6	2.6
Advertising and communications products	5.6	5.1	-8.9

- (b) The Estimated 2011-12 Target for 'Laboratory Consumables and Chemicals' is lower than Expected Expense for 2010-11 due to the increase in 2010-11 of chemical expenditure for locust control.

Question 6.4

(a) For your Department, please provide a breakdown of the expected expenditure for 2010-11 and the target for 2011-12 for the following items:

- (i) entertainment expenses;
- (ii) overseas travel;
- (iii) legal expenses;
- (iv) consultants;*
- (v) contractors;* and
- (vi) grants to non-government organisations.

* for the definitions of 'consultants' and 'contractors', see VGPB's *All Procurement Policies* (Procurement Policies Master Manual), p.105

If this information cannot be extracted, please specify why.

(b) Please explain any variations of more than 10 per cent between the expected outcome for 2010-11 and the target for 2011-12 for these expense items.

Response

(a)

Expense Category	Expected Expense 2010-11 \$'m	Estimated Target 2011-12 \$'m	Variation %
Entertainment expenses	0.2	0.2	0.0
Overseas travel	0.9	0.9	0.0
Legal expenses	1.1	0.8	-27.3
Consultants	1.6	1.0	-37.5
Contractors	15.0	15.0	0.0
Grants to non-government organisations	60.0	55.0	-8.3

(b) The variance between Expected Outcome for 2010-11 and Estimated Target for 2011-12 for 'Legal Expenses' and 'Consultants' is a result of implementing the Government's savings efficiencies.

Question 6.5

Please complete the following table showing the estimated cost and planned completion timelines for each review, inquiry, study, audit and evaluation specifically requested by the new Government after the 2010 election that the Department will be undertaking during 2011-12.

Response

Not applicable.

7. Efficiencies

Question 7.1

Please provide the following details about efficiency targets for 2011-12:

- (a) the total savings target for 2011-12 for the Department as a result of efficiency initiatives in the 2011-12 Budget; and
- (b) for the efficiency initiatives announced in the 2008-09, 2009-10 and 2010-11 budgets (if applicable) which apply to 2011-12, please provide an update of the savings targets for 2011-12.

Response

- (a) The total savings target for 2011-12 for the Department as a result of efficiency initiatives in the 2011-12 Budget is \$7.2 million.
- (b) Savings from efficiency initiatives announced in the 2008-09, 2009-10 and 2010-11 budgets which apply to 2011-12 are \$0.0 million, \$1.5 million and \$4.0 million respectively.

8. Asset and output initiative funding

Question 8.1

Please provide the Department's expected total expenditure on asset investment projects in 2011-12 (including both 2011-12 Budget initiatives and initiatives from previous budgets for which expenditure is budgeted in 2011-12).

Response

As detailed in Budget Paper No.4 for 2011-12, the Department's budgeted expenditure on asset investment projects in 2011-12 include:

Asset Investment Project ¹	TEI \$'m	Estimated Budget for 2011-12 \$'m ²
Advanced Computing for Biological and Farm Systems Research - System Update	4.420	2.000
Consolidating Accommodation Warrnambool – Accommodation ³	8.250	5.000
Consolidating Accommodation Metro – Accommodation ³	52.470	9.770
Controlled Environments for developing New Crops – Development ³	10.500	3.500
Lysterfield Lake Park - Land Purchase	3.000	0.060
Natural Disaster Emergencies – System Development	5.141	2.289
Resource Rights Allocation and Management Capability - System Replacement	11.713	2.411
Systems for Enhanced Farm Services – System Development	15.704	1.250
Total	111.198	26.280

Notes:

1. The Biosciences Research Centre (BRC) project has not been included as it is a Public Private Partnership Projects (PPP) and expenditure forecast in 2011-12 comprises of the commencement of quarterly service payments to the BRC project in accordance with Partnership Victoria contractual arrangements.
2. The 2011-12 Budget for asset projects will be finalised in July 2011.
3. The cashflows for these projects are currently under review.

Question 8.2

As details of expenditure can change over time, please provide up-to-date details of all output initiatives (both those released in this Budget and those released in previous budgets) for which more than \$10 million of expenditure is budgeted to occur in 2011-12, including each initiative's total funding and the budget allocation for each initiative for 2011-12.

Response

Output Initiatives	Estimated Budget for 2011-12 \$'m ¹	Total Funding \$'m
Energy Technology Innovation Strategy - Large Scale Carbon Capture and Storage Projects	10.6	110.1
Safer Electricity Assets Fund	12.5	50.0
CarbonNet	14.0	30.0
Sustainable Energy Projects ²	15.2	71.9
Securing and Developing Services to Farmers	17.4	Ongoing

Note:

1. The budget for these output initiatives will be finalised in July 2011.
2. Funding has been provided for a range of sustainable energy projects and includes funding redirected from the Energy Technology Innovation Strategy (ETIS) as per the 2010-11 Pre-Election Budget Update.

Question 8.3

In relation to any unapplied output and asset funding carried forward to 2011-12, please provide:

- (a) a breakdown of the carried forward funding for both output and asset initiatives;
- (b) the underlying reasons for the Department's funding carryover for each category; and
- (c) the intended revised timing for use of the carried forward funds, including project-specific details for asset initiatives.

Response

Information on carry forward for 2011-12 is unable to be provided at this time. Carry forward funding will be finalised in July 2011.

9. Revenue initiatives, departmental income (fees, fines, taxation measures, concessions and subsidies) and tax expenditures

Question 9.1

In relation to 2011-12, please outline any new revenue-raising initiatives and/or major changes to existing revenue initiatives. For each initiative/change, please explain:

- (a) the reason for the initiative/change;
- (b) the assumptions underlying the analysis;
- (c) alternative scenarios considered;
- (d) the impact of any changes on service delivery (i.e. please detail all programs/projects that have been revised as a result of changes to existing revenue initiatives); and
- (e) the anticipated total value of revenue gained/foregone as a result of the initiative/change.

Response

Not applicable as there are no new revenue raising initiatives or any major changes to existing revenue initiatives in 2011-12.

Question 9.2

In relation to 2011-12, please outline any new tax expenditures or concession/subsidy initiatives and/or major changes to existing tax expenditures or concession/subsidy initiatives. For each initiative/change, please explain:

- (a) the reason for the initiative/change;
- (b) the assumptions underlying the analysis;
- (c) alternative scenarios considered;
- (d) the impact of any initiatives/changes on service delivery (i.e. please detail all programs/projects that have been revised as a result of changes to existing revenue initiatives); and
- (e) the anticipated total value of revenue gained/foregone as a result of the initiative/change.

Response

Not applicable as there are no new tax expenditures or concession/subsidy initiatives and/or major changes to existing tax expenditures or concession/subsidy initiatives.

Question 9.3

- (a) Please provide a list of any revenue measures (taxation, fees, fines etc.) or any concessions (or subsidies) where the rate has been changed for reasons other than keeping up with inflation.
- (b) Please provide an explanation for the changes.

Response

There have been no changes to revenue measures that are greater or lesser than the cost of living adjustments.

Question 9.4

For the Department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2010-11 and the budget for 2011-12.

Response

Income Category	2010-11 Revised \$'m	2011-12 Budget \$'m	Variance \$'m	Variance %	Comment
Special Appropriations	15.0	0.0	-15.0	-100.0	Increased appropriation is a result of access to funding in 2010-11 from future years for the Large Scale Demonstration initiative. Note this has no impact on the overall TEI of the initiative.
Sale of Goods and Services	19.8	13.7	-6.1	-30.8	The movement represents recognition of Grants revenue as opposed to Sales of Goods and Services as a result of funding from DPI's Flood Response initiatives.
Grants	11.1	17.3	6.2	55.9	The movement represents recognition of Grants revenue as opposed to Sales of Goods and Services as a result of funding from DPI's Flood Response initiatives.

10. Grants from the Commonwealth**Question 10.1**

- (a) What impact have developments at the Commonwealth level, including initiatives under the COAG Reform Agenda, had on the Department's component of the 2011-12 State Budget?
- (b) In describing the impact of these developments for 2011-12, please outline the Department's progress to date in transitioning to the COAG Reform Council's new performance reporting framework.

Response

- (a) The COAG Reform Council monitors, assesses and publicly reports on the performance of the Commonwealth and States and

Territories in achieving the outcomes and performance benchmarks specified in the six National Agreements.

There are no impacts for DPI as there are no National Agreements for the Energy and Resources and the Agriculture and Food Security portfolios.

- (b) The COAG performance reporting framework does not apply to the DPI as there are no current National Agreements that govern primary and energy industries.

Question 10.2

In the accompanying Excel file, please supply breakdowns (as indicated in the spreadsheets) for each of the following categories of Commonwealth grants for which the Department received funding in 2011-12:

- (a) Specific Purpose Payments (SPPs);
- (b) Nation Building – Economic Stimulus Plan;
- (c) National Partnership project payments; and
- (d) any other Commonwealth grants pertaining to functions carried out by the Department.

Response

Please refer to the attached spreadsheet for responses to Part A and C.

Note: Responses have not been provided for Part B and D as they are not applicable.

Question 10.3-10.4 (Department of Treasury and Finance only)

11. Net debt

Question 11.1-3 (Department of Treasury and Finance only)

12. Environmental challenges

Question 12.1

- (a) What are the key environmental issues that are predicted to have an impact on services delivered by the Department's portfolios in 2011-12?
- (b) How have these issues been addressed in the Department's budget for 2011-12 and over the forward estimates to 2014-15?

- (c) Please list up to five key projects or programs worth over \$1 million (new and/or existing) where increased funding has been provided in the Budget to address environmental issues (including responding to climate change). Please provide a comparison of funding levels for 2010-11 and 2011-12 for existing projects if applicable.

Response

- (a) In broad terms, the key environmental issues that are predicted to have an impact on services delivered by the Department include:

Type, frequency and intensity of emergencies – The flood and locust emergencies in 2010-11 resulted in a significant portion of the Department's resources being deployed to emergency response and recovery activities. As a consequence, a number of programs and projects have experienced delays as the Department's immediate priority shifted to the management of these emergencies. Given the Department's key role in managing emergencies, most notably for biosecurity incursions, it is expected that the Department will experience similar impacts should further emergencies arise in 2011-12.

Carbon tax – The uncertainty surrounding the future of carbon tax and emissions trading is resulting in slower than expected investment in mining and power generation. With a rapidly expanding population, this poses a risk to long term energy supply. As a result there will be an increased need for the Department to conduct impact modelling, provide policy advice, implement complementary measures and maintain relationships with proponents and industry, the longer the debate and uncertainty on the future of the carbon tax continues.

Climate Variability – The need for emission reductions from Victoria's primary and energy industries in response to global concern regarding climate variability.

- (b) These issues are being addressed through various programs (comprising of new initiatives published in the 2011-12 Budget Papers and core work completed by the corporate and policy areas of the Department) aimed at ensuring that DPI is well prepared to manage emergencies, making industry more resource efficient, engaging and developing regional Victoria and improving how DPI retains and attracts the right people with the right skills for DPI's future needs.

Please refer below to the response provided in Part (c) for further information regarding new and existing initiatives published in past and current Budget Papers that address the key environmental issues relating to services delivered by the Department.

- (c) Funding for initiatives to specifically address the 'Type, frequency and intensity of emergencies' and 'Climate Variability' environmental issues mentioned above include:

Existing initiatives

- **Securing and Developing Services to Farmers** – as detailed in the 2008-09 Budget Papers, funding is provided for a new investment in research, development and practice change to better enable the effective delivery of services to farmers. These services will modernise government service delivery to farmers and facilitate contemporary best practice across the farm sector, enhancing skills and confidence to manage change, tackle challenges and capture opportunities. Funding consists of \$17.4 million in 2010-11 and 2011-12.
- **ETIS II: Sustainable Energy** – funding is provided from 2008-09 for large scale pre-commercial demonstration of sustainable energy technologies, such as solar, energy storage, biofuels, biomass conversion, geothermal energy efficiency and clean distributed energy. Funding consists of \$4.5 million in 2010-11 and \$12.5 million in 2011-12.

New Initiatives

- **Safer Electricity Assets** – as detailed in the 2011-12 Budget Papers, funding is provided to reduce the number of bushfires started by ageing electricity assets by replacing electricity assets. The safer electricity assets fund is being established in response to the 2009 Victorian Bushfires Royal Commission finding that one of the causes of catastrophic bushfires in Victoria in the past 40 years has been the failure of electricity assets. Funding provided in 2011-12 is \$12.5 million.
- **Strengthening Priority Weed and Pest Animal Control** – as detailed in the 2011-12 Budget Papers, funding is provided to maintain and build on the management of weeds and pest animals on private land to protect Victoria's agricultural and natural assets. This initiative will provide enforcement capability to enable the Department to target landholders who fail to manage weeds and pest animals and continue current levels of service for the wild dog program. Funding provided in 2011-12 is \$5.1 million.
- **Low Emission Energy Technology Program** – as detailed in the 2011-12 Budget Papers, funding is provided to double the existing Energy Technology Innovation Strategy (ETIS) competitive grants available for pre commercial pilot renewable energy plants and technologies projects. This will facilitate the development of low emission energy technology projects in Victoria. This initiative is due to commence in 2012-13. Funding provided in 2012-13 is \$12.5 million.

13. Geographic considerations

Question 13.1

In the following table, please outline the critical issues facing metropolitan, regional and rural communities in 2011-12 that depend on services provided by the Department and how the Department's 2011-12 budget addresses these issues.

Response

	Critical issues	Explanation of how these issues are addressed through the 2011-12 Budget
Metropolitan Melbourne	Rises in food prices	This issue will be addressed by undertaking policy, research, development and extension activities to stimulate investment and build capability to improve productivity on farms. To assist in tackling this issue, funding is provided in the 2011-12 Budget for the 'Support for Food and Fibre Marketing Cooperatives' initiative.
	Enabling transformation of the energy sector under carbon constraints	This issue will be addressed by ensuring a policy environment conducive to investment, achieving an efficient national energy market and facilitating greater energy use efficiency. Funding is provided in the 2011-12 Budget Papers for the 'Low emission energy technology' initiative to assist in tackling this issue.
Regional Victoria	Inadequate access, facilities and fish stock to undertake recreational fishing	Funding provided in the 2011-12 Budget for the 'Improving Recreational Fishing Opportunities in Regional Victoria' initiative will address this issue by building and improving jetties, tables and tracks for fishing, undertaking freshwater fish research and stocking and improving consultation and promotion of recreational and customary fishing.
Rural Victoria	Decline in population and the number of working farms resulting from loss of young people to regional and capital cities	This initiative will be addressed by undertaking policy and practice change activities that support adjustment and designing and implementing policies that attract and retain young people to farming. To assist in tackling this issue, funding is provided in the 2011-12 Budget for the 'Support for Victorian Young Farmers' initiative and the 'First Farm Grant Program'
	Recovering from the January/ February floods	This issue will be addressed by developing and supporting the implementation of recovery plans, particularly in regards to livestock, soils and pastures, water, crops and pests. To assist in tackling this issue, funding has been provided in 2011-12 for the following Flood

	Critical issues	Explanation of how these issues are addressed through the 2011-12 Budget
		<p>Response initiatives:</p> <ul style="list-style-type: none"> • Apprenticeship Retention Program; • Flood Response and Recovery; • Health and well-being; • Rural coordination officers; and • Rural financial officers.
	Increase in lifestyle farming which presents challenges with regards to pest, weed and farm management	<p>This issue will be addressed by continuing to perform regulatory and compliance functions as well as delivering extension services to enable communities to maintain farm practice standards, including prevention and response to biosecurity incursions.</p> <p>To assist in tackling this issue, funding is provided in the 2011-12 Budget for the 'Strengthening Priority Weed and Pest Animal Control' initiative.</p>
	Risk of bushfire starts from electricity system assets	<p>Funding is provided in the 2011-12 Budget for the 'Safer Electricity Assets' initiative which will address this issue by replacing Single Wire Earth Return (SWER) and 22KV lines (where possible) in high bushfire risk areas with other network technologies and implementing actions from the Powerline Bushfire Safety Taskforce.</p>

Question 13.2

What general principles does the Department use to determine resource allocation between regional cities compared to rural localities? Please provide two examples, if possible, of programs in regional Victoria and how the breakdown of resource allocation to regional cities and rural areas was determined in those programs.

Response

A focus of the Department's budget in past and current years has been to assist Victoria's regional and rural communities to manage the challenges it faces and to take advantage of opportunities presented.

Formally, the Department's resource allocation decisions are developed in line with the Integrated Management Cycle (IMC) which provides a continuous cycle of planning, resource allocation, service delivery and accountability. All initiatives requiring funding are reviewed in terms of Government election commitments, alignment with departmental policy and objectives, and whether they are affordable, deliverable and fiscally sustainable.

In determining the resource allocation between regional cities and rural localities, the Department assesses the strength of the demonstrated service need in that area (whether it is metropolitan, regional or rural) and the weighting of that need against other competing priorities.

The following Flood Response initiatives (as published in the 2011-12 Budget) demonstrate the application of this principle, showing how funding is allocated to regional cities and rural localities that demonstrate this service need:

- Rural Coordination Officers Initiative – Funding is provided for nine rural coordination officers to work across 11 local Government areas impacted by the recent floods. These positions will be placed with critically affected councils that need additional support to respond to the impact of floods.

Councils to receive funding for a rural coordination officer include Buloke, Campaspe, Gannawarra, Loddon, Horsham/Yarriambiack (to share an officer), Northern Grampians, Central Goldfields/Pyrenees (to share an officer), Mildura and Swan Hill.

- Apprentice Retention Program Initiative - Funding is provided to support retention of apprentices employed in businesses that are located in the 26 flood affected municipalities of Victoria that derive the majority of their income from primary production or servicing primary producers.

Question 13.3

Please complete the following table for up to five of the Department’s largest projects (in terms of expenditure) benefiting regional and rural Victoria:

Response

The table below lists four of the Department’s largest projects that are expected to generate benefits for regional and rural Victoria.

Project	Budget allocation for 2011-12 (\$m) ¹	New or existing project?	Purpose of the project	How is the funding to be spent?	What performance measures are in place?	Expected net benefits	NPV (in 2011 dollars), where applicable
Modernising Farm Service and Science Assets	21.1 ²	Existing	To increase the Department’s current capacity to deliver tailored and targeted services to the agricultural sector through research facility upgrades, new facilities in regional Victoria, an IT system and online support to farmers.	<p>Broadly, funding for this initiative is to be spent on:</p> <ul style="list-style-type: none"> • Building a government office facility to accommodate staff from DPI, DSE, and Parks Victoria in Warrnambool. • Establishing a new, integrated service delivery platform within DPI that will revolutionise the delivery of services to the Victorian farming sector and consolidate and/or replace over 120 disparate IT systems currently in use across the organisation. • Upgrading and developing plant glasshouse controlled facilities at DPI Hamilton, Horsham and the Victorian AgriBiosciences Centre (VABC) in Bundoora, to 	<p>There are no direct performance measures in place as the majority of funding provided is for the asset component of this initiative.</p> <p>This project does however directly contribute to the Department’s sustainable practice change output.</p>	<p>This initiative will collectively increase DPI’s ability to deliver innovative, targeted services responsive to Industry needs by:</p> <ul style="list-style-type: none"> • Refocusing infrastructure assets and workforce; • Enhancing systems to support farm services delivery; and • Strengthening capacity for discovery and innovation in 	Not available

Project	Budget allocation for 2011-12 (\$m) ¹	New or existing project?	Purpose of the project	How is the funding to be spent?	What performance measures are in place?	Expected net benefits	NPV (in 2011 dollars), where applicable
				<p>develop crops using genetic modification (GM) technology.</p> <ul style="list-style-type: none"> Consolidating and replacing ageing Advanced Scientific Computing (ASC) capabilities which is used to conduct sophisticated computer based analysis of biological and ecosystems data. 		<p>biotechnology and land use and earth resources investment.</p>	
Securing and Developing Better Services to Farmers	17.4	Existing	To develop innovation technologies for the sustainable development of Victoria's food and agriculture.	<p>Broadly, funding for this initiative is to be spent on:</p> <ul style="list-style-type: none"> Delivering a refreshed baseline government service offer to Victorian farmers in light of the urgent challenges and emerging opportunities facing the farm sector; and Recommending a new model of investment, to better enable the effective delivery of required services. 	<p>This initiative is accounted for under a number of performance measures introduced in the 2008-09 Budget. Specific performance measures under the Strategic and Applied Scientific Research Output include:</p> <ul style="list-style-type: none"> New key enabling technologies and core science capacity 	<p>Benefits include:</p> <ul style="list-style-type: none"> Increased productivity and competitiveness for the sector; Access to new markets; Improved response to climate, water and biosecurity risks; Improvements in animal welfare; and Increased effectiveness at enabling sector 	Not available

Project	Budget allocation for 2011-12 (\$m) ¹	New or existing project?	Purpose of the project	How is the funding to be spent?	What performance measures are in place?	Expected net benefits	NPV (in 2011 dollars), where applicable
					<p>competencies established/ upgraded by DPI; and</p> <ul style="list-style-type: none"> • Postgraduate level/PhD students in training by DPI 	adjustment.	
CarbonNet³	14.0	Existing	To explore the development of an integrated network to capture and transport carbon (captured from different technologies) to storage sites in the Gippsland Basin.	<p>Broadly, funding for this initiative is to be spent on:</p> <ul style="list-style-type: none"> • CarbonNet Feasibility studies; • A storage characterisation work program for offshore storage locations; and • Establishment of CCS Innovation Victoria. 	<p>Given the future of this initiative is subject to Commonwealth funding, there are no direct performance measures in place as this stage.</p> <p>This project does however directly contribute to the Department's Primary Industries Policy output.</p>	<p>If Commonwealth funding is able to be secured, CarbonNet will generate substantial regional employment in the construction phase- 1,000+ jobs over 5-10 years.</p> <p>CarbonNet also has the potential to underpin new ongoing jobs in new low emissions coal based industries such as coal-to-liquids, which could be attracted to the Latrobe Valley to leverage Victoria's abundant, low cost</p>	Not available

Project	Budget allocation for 2011-12 (\$m) ¹	New or existing project?	Purpose of the project	How is the funding to be spent?	What performance measures are in place?	Expected net benefits	NPV (in 2011 dollars), where applicable
						coal feedstock resource.	
Large-Scale Solar Energy Generation	TBD ⁴	Existing	To facilitate the development of new large-scale solar power generation in Victoria.	<p>This initiative will contribute funding for the construction of one (or more) large scale solar generation installations, which would be capable of delivering zero emission energy supplies to the Victorian electricity grid.</p> <p>Funding allocated in 2009-10 and 2010-11 has been used to undertake project management activities, including a tender evaluation process.</p>	<p>Given the future of this initiative is subject to Commonwealth funding, there are no direct performance measures in place as this stage.</p> <p>This project does however directly contribute to the Department's Primary Industries Policy output.</p>	The project will deliver low emissions electricity to run up to 50 000 homes and diversify Victoria's renewable energy supply.	Not available

Notes:

1. Budget allocation for 2011-12 to be finalised in July 2011.
2. Budget allocation for 2011-12 as published in the 2010-11 Pre-Election Budget Update. Funding includes output and asset component.
3. Future of project is subject to funding from Commonwealth being received.
4. Total funding for this initiative is \$100 million Net Present Value (2009-10 dollars). Funding allocation for 2011-12 and beyond is to be determined and is dependent on funding from Commonwealth being received.

14. Performance measures

Question 14.1

Please provide the rationale for any change in performance measures presented in the budget papers for 2011-12 (including new and discontinued measures).

Response

- **Proposed Discontinued Measures** are provided in Appendix A of Budget Paper No. 3. The rationale behind discontinuing these measures is provided in the associated footnotes and includes:
 - The work program associated with the measure is due to be completed by the end of 2010-11; and
 - Consolidation with an existing measure as measure is currently duplicated.
- **New Performance Measures** which have been developed for 2011-12 to monitor Government initiatives are reported in Chapter 3 of Budget Paper No. 3 and are comprised of:
 - Number of native and salmonid fish stocked; and
 - Enhance levels of community participation in achieving fisheries compliance through calls to the 13FISH reporting line.
- **Other changes in performance measures**
 - Significant changes in performance measures targets between 2011-12 and 2010-11 are reported in the associated footnotes of Chapter 3 of Budget Paper No. 3. All performance measures are reviewed annually and targets have been adjusted to take into account historical performance.
 - In addition, there are number of measures where wording has been slightly amended to better reflect the intent of the measure. These changes are also reported in the associated footnotes of Chapter 3 of Budget Paper No. 3.

Question 14.2

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2010-11 and the target for 2011-12, please provide the reasons for the variance.

Response

Performance Measures	Unit of Measure		2010-11 Target	2010-11 Expected Outcome	2011-12 Target	Variance Explanation
Primary Industries Policy						
Number of structured management arrangements in place for fisheries	Quantity	number	24	20	23	<p>The 2010-11 Expected Outcome is lower than the 2010-11 Target due to the re-scheduling of work on three fishery management plans to 2011-12 following the consolidation of working groups and changes to staffing.</p> <p>The lower 2011-12 Target is due to the deferral in the development of a further management plan pending the completion of an independent review of that fishery.</p>
Powerline relocation grants approved	Quantity	number	20	16	12	<p>The 2010-11 Expected Outcome is lower than the 2010-11 Target due to a reduced program for 2010-11 to address national energy market priorities.</p> <p>The lower 2011-12 Target reflects variations to the 2011-12 work plan.</p>

Performance Measures	Unit of Measure		2010-11 Target	2010-11 Expected Outcome	2011-12 Target	Variance Explanation
Regulation and Compliance						
Develop, implement and review overarching fisheries compliance strategy	Quantity	number	3	3	1	The 2011-12 Target has been adjusted to reflect the consolidation of three previously separate compliance strategies for marine, inland and aquaculture into a single overarching strategy for all fisheries.
Properties inspected for Invasive Plant and Animal priority species	Quantity	number	3 800	3 800	4 800	The 2011-12 Target has been increased to reflect the planned increase in the work program for next year.
Levels of compliance are maintained to ensure the sustainability of priority fish species	Quality	per cent	>90	77	>90	The 2010-11 Expected Outcome is lower than the 2010-11 Target due to the implementation of targeted compliance operations across the state specifically addressing areas of non-compliance. Compliance rates are expected to improve over time as a result of this intervention.
Strategic and Applied Scientific Research						
International scientific workshops/conferences lead/organised by DPI to promote science leadership among peers	Quantity	number	5	6	5	The 2010-11 Expected Outcome is higher than the 2011-12 Target due to an extra conference led/organised by the Future Farming Systems Research Division.

Performance Measures	Unit of Measure		2010-11 Target	2010-11 Expected Outcome	2011-12 Target	Variance Explanation
Postgraduate level/PhD students in training by DPI	Quantity	number	77	87	64	<p>The increase in the 2009-10 Expected Outcome is due to the Future Farming Systems Research division improving its relationships with universities, providing increased opportunities for PhD students to be involved in the Department's work.</p> <p>The lower 2011-12 Target reflects a high number of students that will be finishing in 2010-11 that were aligned to a significant Fisheries Research and Development Corporation project.</p>
Value of external (non-state) funding contribution to research projects that support productive and sustainable farming (including aquaculture) and fisheries systems	Quantity	\$ million	37	57	40.5	<p>The higher 2010-11 Expected Outcome reflects additional funding contributions from industry to the BioSciences Research Division as a result of expanded Research and Development programs in crop innovation. The 2011-12 Target has also been increased to reflect the increased funding contribution.</p>
Sustainable Practice Change						
Farmers facing significant adjustment pressures supported to make better informed decisions	Quantity	number	1 800	1 800	2 000	<p>The higher 2011-12 Target is due to an expected increase in demand as a result of the Flood Recovery response and the continuation of the Rural Financial Counsellor program.</p>

Performance Measures	Unit of Measure		2010-11 Target	2010-11 Expected Outcome	2011-12 Target	Variance Explanation
Significant stakeholder interactions on climate change, climate variability and emission management	Quantity	number	1 500	4 000	2 500	The increase in 2010-11 Expected Outcome is due to higher than expected demand generated in particular by an innovative new climate communications product (The Climatedogs). It is expected that demand will continue to increase and the 2011-12 Target has been increased to reflect this.
Project milestone reports completed on-time	Timeliness	per cent	85	75	85	The decrease in 2010-11 Expected Outcome is due to re-prioritisation of resources to Emergency Response activities, principally the Locust and Flood Recovery response.

Question 14.3

For each initiative (asset or output) in the 2011-12 Budget with a total cost over the forward estimates greater than \$20 million (or a TEI over \$20 million), please list all new and existing performance measures in the budget papers related to the initiative.

Response

DPI has two initiatives in the 2011-12 Budget with a total cost over the forward estimates greater than \$20 million:

- Low emission energy technology program (total funding \$41 million); and
- Safer electricity assets fund (total funding \$50 million).

Performance measures currently exist for the Energy Technology Innovation Strategy relating to the delivery of milestones. These measures will be revised to ensure clear objectives and alignment to Government policy.

Performance measures for the 'Safer electricity assets fund' initiative will be developed once preliminary work to allow the project to formally commence has been finalised.

15. Staffing matters

Question 15.1

Please fully complete the spreadsheet in the accompanying Excel file, providing actual EFT staff numbers at 30 June 2010 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2011 and 30 June 2012 for the Department and its major budget-funded agencies.

Please see the attached spreadsheet.

Contact details

Department: Primary Industries

Contact Officer: Chris O'Farrell

Position: Chief Financial Officer

Contact Numbers: Telephone: (03) 9658 4267

Fax: (03) 9658 4006

E-mail: Chris O'Farrell.@dpi.vic.gov.au

The completed questionnaire must be returned in two parts:

PART A: by 5:00 pm, Thursday, 28 April 2011

PART B: by 5:00pm, Wednesday, 4 May 2011

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

Ms Valerie Cheong

Executive Officer

Public Accounts and Estimates Committee

Level 3, 55 St Andrews Place

EAST MELBOURNE VIC 3002

Telephone: (03) 8682 2863

Fax: (03) 8682 2898

Email: paec@parliament.vic.gov.au

For inquiries on this questionnaire, please contact the Executive Officer or:

Christopher Gribbin

Ian Claessen

Senior Research Officer

Research Officer

(03) 8682 2865

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15 - Staffing matters

Please fully complete the table below, providing actual EFT staff numbers at 30 June 2010 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2011 and 30 June 2012 for the Department and its major budget funded agencies.

Please provide all figures to the nearest 0.1 EFT.

Classification	30 June 2010 (Actual) (EFT)					30 June 2011 (Estimate) (EFT)					30 June 2012 (Estimate) (EFT)				
	Ongoing	Fixed term	Casual	Funded vacancy	Total	Ongoing	Fixed term	Casual	Funded vacancy	Total	Ongoing	Fixed term	Casual	Funded vacancy	Total
Secretary	0	1	0	0	1	0	1	0	0	1	0	1	0	0	1
Executive Officer 2	0	12	0	0	12	0.8	13	0	0	13.8	0.8	13	0	0	13.8
Executive Officer 3	0	10	0	0	10	0	10	0	0	10	0	10	0	0	10
Grade 1	17.7	16.4	26	0	60.1	14.13	14	16	0	44.13	14.13	14	16	0	44.13
Grade 2	225.38	47.65	46	0	319.03	199.66	46.85	41	0	287.51	199.66	46.85	41	0	287.51
Grade 3	276.53	57.16	29	0	362.69	268.83	53.86	29	0	351.69	268.83	53.86	29	0	351.69
Grade 4	229.96	29.2	3	0	262.16	220.73	33	1	0	254.73	220.73	33	1	0	254.73
Grade 5	221.91	25.4	5	0	252.31	216.98	30	4	0	250.98	216.98	30	4	0	250.98
Grade 6	166.12	14.8	0	0	180.92	182.27	20.4	0	0	202.67	182.27	20.4	0	0	202.67
Principal Scientist 1	44.6	2	0	0	46.6	50.7	1.8	0	0	52.5	50.7	1.8	0	0	52.5
Science A	267.67	124.75	5	0	397.42	240.74	107.8	4	0	352.54	240.74	107.8	4	0	352.54
Science B	221.46	38.78	0	0	260.24	211.38	46.4	3	0	260.78	211.38	46.4	3	0	260.78
Science C	179.15	15.5	1	0	195.65	176.57	15.1	0	0	191.67	176.57	15.1	0	0	191.67
Science D	106.08	4.7	1	0	111.78	99.68	3.3	1	0	103.98	99.68	3.3	1	0	103.98
STS	3.8	1	0	0	4.8	2.5	1	0	0	3.5	2.5	1	0	0	3.5
WDC 2	0	0	0	0	0	16	0	0	0	16	16	0	0	0	16
WDC 3	0	0	0	0	0	7	0	0	0	7	7	0	0	0	7
MC	0	2	0	0	2	0	2	0	0	2	0	2	0	0	2
Mining Warden	0	0.6	0	0	0.6	0	0.6	0	0	0.6	0	0.6	0	0	0.6
Workcover	2	0	0	0	2	2	0	0	0	2	2	0	0	0	2
Total	1962.36	402.94	116	0	2481.3	1909.97	400.11	99	0	2409.08	1909.97	400.11	99	0	2409.08

Note: Workforce numbers for 30 June 2011 and 2012 respectively are based on 31 March 2011 data.