



**PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

2011-12 BUDGET ESTIMATES QUESTIONNAIRE

DEPARTMENT OF SUSTAINABILITY AND  
ENVIRONMENT

## CONTENTS

<b>PART A: Non-Budget-sensitive information.....</b>	<b>3</b>
1. Strategic priorities .....	3
2. Budget preparation.....	4
3. Performance measures .....	5
<b>PART B: Budget-sensitive information.....</b>	<b>6</b>
4. Strategic priorities .....	6
5. Budget preparation.....	7
6. Spending .....	9
7. Efficiencies.....	13
8. Asset and output initiative funding.....	14
9. Revenue initiatives, departmental income (fees, fines, taxation measures, concessions and subsidies) and tax expenditures.....	20
10. Grants from the Commonwealth .....	26
11. Net debt .....	31
12. Environmental challenges .....	32
13. Geographic considerations .....	34
14. Performance measures .....	40
15. Staffing matters .....	46

## PART A: Non-Budget-sensitive information

### 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?

The Department has identified four key strategic priorities for 2011-12: 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.

The Department will undertake extensive work state-wide in response to the flooding events of late 2010 and early 2011. The Department and its relevant portfolio agencies will continue to undertake the essential repair and maintenance of assets. The Department will also deliver initiatives that improve the Government's response to future flooding events.

The Department will work on delivering the Government's election commitments. Policies and programs will be implemented to:

- address the impacts of extreme weather events, including bushfires and floods;
- ease cost of living pressures;
- support regional development; and
- make significant capital investments that deliver better environmental outcomes.

The Department will introduce a new regional model in 2011-12, with a greater emphasis on 'place'. The new model will establish Departmental regions and provide stronger service delivery in regional Victoria. The new regional model will give the Department a more visible presence across the State, with better capacity to act and respond at a local level using regional relationships and intelligence. Having a more visible presence to better support stakeholders and agencies will also help the Department deliver on significant state-wide commitments, including increased planned burning and implementing other recommendations from the Victorian Bushfire Royal Commission.

The Department has also identified the high level priorities to be managed in the medium term, including:

- 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.

### **Question 1.2**

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

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

## **2. Budget preparation**

### **Question 2.1**

- (a) Does your Department estimate the cost of providing input into the process of developing the State Budget?
- No.
- (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?
- N/A
- (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.

The Department estimates that the cost of work undertaken in preparation of the 2011-12 budget is \$116,894.

No breakdown of key tasks available. Cost is determined by the salaries of the four team members (plus on-costs) for the period of budget work (14 weeks) at an approximation of average time devoted to budget tasks over that period (50%).

- (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?

The Department employed consultants in the preparation of two business cases used in the development of budget bids. The total cost of the engaging the consultants to prepare the business cases was \$85,972.

***Question 2.2 (Department of Treasury and Finance only)***

- (a) What is the cost of the development, preparation and publication of the budget papers? Please also provide the details of the number of resources employed and hours entailed.
- (b) What is the Department of Treasury and Finance's view on publishing in future, as part of the budget papers, the cost of developing, preparing and publishing this key accountability document for the State?

***Question 2.3 (Department of Treasury and Finance only)***

If not detailed in the budget papers, please indicate the figure for Victoria's estimated GSP for 2011-12 used in the budget papers and how it was calculated.

### **3. Performance measures**

***Question 3.1 (Department of Treasury and Finance only)***

What proposed training and development initiatives are planned by DTF to update or re-skill the general government sector in the requirements of outcome-based reporting, should the Public Finance and Accountability Bill become legislation?

## PART B: Budget-sensitive information

### 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.

The Department's objectives and strategies remain largely comparable between 2010-11 and 2011-12. The Department's key objectives are:

- delivering sustainable water management and supply (including improving the response to future flood events)
- reducing the threat of fire
- promoting new standards for protecting the natural environment
- adapting to the impacts of climate change.

However, in the 2011-12 Budget there will be an increased focus on the implementation of policies and programs that address the impacts of the late 2010 and early 2011 floods, ease the cost of living pressures, and provide increased support for regional development.

The majority of funding for the new initiatives has been provided for in the 2011-12 budget. As such, the impacts on funding and resource allocation in the 2011-12 Budget have been limited.

There are no 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. The new Government will implement a range of climate change and related initiatives in the 2011-12 Budget to deliver on its promises and priorities.

## **5. Budget preparation**

### ***Question 5.1 (Department of Treasury and Finance only)***

In relation to the contingency items within the 2011-12 Budget and Appropriation Bill, namely:

- ‘output contingencies not allocated to departments’,
  - ‘capital provision approved but not yet allocated’ and
  - ‘advance to the Treasurer to meet urgent claims that may arise before Parliamentary sanction’,
- (a) please provide a detailed account of the rationale that is applied to ensure the adequacy of these allocations; and
- (b) please comment on the accuracy and utilisation of the contingency items in 2010-11.

### ***Question 5.2 (Department of Treasury and Finance only)***

In relation to the Estimated Financial Statements for the Victorian General Government Sector (estimated operating statement and estimated balance sheet), please explain any variations of more than 10 per cent between the 2011-12 estimates published in the 2010-11 budget papers, and the 2011-12 Budget forecasts shown in the 2011-12 budget papers.

**Question 5.3 (Department of Treasury and Finance only)**

- (a) What new features have been incorporated in the budget papers for 2011-12 and why?
- (b) What features have been omitted and why?

## 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.

Output	Revised 2010-11 (\$m)	Budget 2011-12 (\$m)	% Difference
Sustainable Water Management and Supply	347.4	269.9	-22.3%
Public Land	125.7	112.5	-10.5%
Biodiversity	64.6	88.4	36.9%
Environmental Policy and Climate Change	51.1	60.7	18.8%
Environment Protection	144.2	181.1	25.6%

#### Reason for variation

Sustainable Water Management and Supply: The variation is primarily due to the payment of Public Account Advances in 2010-11, for which appropriation revenue will be received in 2011-12. There is also a difference arising from the completion of the Snowy Joint Government Enterprise project which was jointly funded by State and Commonwealth.

Public Land: The variation is primarily due to the reclassification of forest related functions from Public Land to Forests and Parks. (The resulting variance for Forests and Parks division is an increase of only 4.5% because their budget is twice the size Public Land division.)

Biodiversity: Additional funding was provided in 2011-12 for the implementation of recommendations arising from the Victorian Bushfires Royal Commission's final report. In addition, funding is provided to continue weed and pest animal control programs.

Environmental Policy and Climate Change: The variation is primarily due to additional funding being provided to implement a range of environmental initiatives, including:

- a voluntary accreditation scheme for small and medium enterprises

- an environmental grants program to assist local community groups to undertake on-ground activities
- a rebate program for low income homes purchasing gas space heaters, and energy efficient refrigerators and washing machines
- to continue and build on the existing ResourceSmart Australian Sustainable Schools Initiative (AuSSIVic) program.

Environment Protection: The variation in output cost is due primarily to an increase in the level of grant payments from the Sustainability Fund and HazWaste fund grants to help industry reductions in hazardous waste (or prescribed industrial waste) and to increase remediation of contaminated soils.

### **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.

The Department had no variations greater than 10% in relation to 'Employee Benefits'.

### **Question 6.3**

- (a) 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.
- (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 major components.

Other operating expenses' represents approximately 33% of the Department's 'Total expenses from transactions' or \$446.4 million.

Of this, \$446.2 million relates to the purchase of supplies and services.

The supplies and services target represents a \$30.7 million increase on the expected outcome for 2010-11 of \$416.8 million.

There were no variances greater than 10%.

**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;\* and
- (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.

<b>Expense Item</b>	<b>Revised 2010-11 (\$m)</b>	<b>Budget 2011-12 (\$m)</b>	<b>% Difference</b>
Entertainment expenses	0.06	0.06	0%
Overseas travel	0.06	0.07	16.6%
Legal expenses	2.5	1.1	-56.0%
Consultants	0.0	0.0	0%
Contractors	210.2	120.6	-42.6%
Grants to non-government organisations	19.1	11.5	-39.8%

### Reason for variation

Overseas travel: Whilst the movement is greater than 10% (16.6%), the dollar movement is only \$10,000 and is not considered material.

Legal expenses: The reduction is mainly due to funding in 2010-11 that is not factored in 2011-12, including a \$0.6 million Treasurer's Advance for site value legal costs in Land Victoria and \$0.8 million provided for public liability claims.

Contractors: The reduction of \$90 million from 2010-11 to 2011-12 is mainly due to:

- 2010-11 including \$27 million of one off initiative funding, including a \$21 million Treasurer's Advances and \$6 million in access to prior year surplus.
- \$21 million of funding in 2010-11 relating to funding from Departmental Trusts. This variation will decrease as service level agreements and contracts are finalised and signed, enabling detailed funding to be attributed for 2011-12.
- \$13 million of funding in 2010-11 relating to initiatives that sun-set in June 2011.
- \$12 million of funding relating to movements in initiative funding provided in previous years.
- \$6 million reduction resulting from efficiency measures introduced by the new government.

Grants to non-government organisations: The movement is largely due to one off payments attributed to the following outputs:

- Forests and Parks – (\$0.5 million)
- Corporate and Business Services – (\$0.9 million)
- Public Land – (\$1.0 million)
- Biodiversity and Ecosystems – (\$4.4 million)
- Environmental Policy and Climate Change (\$1.1 million)

### 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.

The Department is not undertaking any 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.

## 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.

The information in the table below contains the incremental increase in savings from previous years in addition to the total savings being made in the 2011-12 year. The table is based on the information contained in recent Budget Papers, and includes:

- \$31.5 million announced in the 2011-12 Budget;
- a further \$9.0 million arising from incremental savings initiatives that commenced in the 2010-11 financial year; and
- \$3.0 million from savings initiatives commenced in the 2009-10 financial year.

	<b>Incremental increase in savings imposed in previous years \$million</b>	<b>Total Savings in 2011-12 \$million</b>	<b>Ref.</b>
Announced in 2008-09 Budget General Efficiencies	0.0	8.3	1
Announced in 2009-10 Budget General Efficiencies	3.0	12.0	2
Announced in 2010-11 Budget	9.0	19.0	3
Announced in 2011-12 Budget	0.0	31.5	4
<b>Total:</b>	<b>12.0</b>	<b>70.8</b>	

Notes:

- (1) Reference: 2008-09 Budget Paper No 3, page 352.
- (2) Reference: 2009-10 Budget Paper No. 3, page 352.
- (3) Reference: 2010-11 Budget Paper No. 2, page 41 (note: this is the Whole of Government Efficiency amount).
- (4) Reference: 2011-12 Budget Paper No. 3, page 139 (note: this is the DSE component of efficiency savings).

## 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).

The Department has budgeted capital expenditure in 2011-12 for the following projects:

<b>Asset Investment Projects with Capital Expenditure in 2011-12</b>	<b>TEI</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
	<b>(\$ m)</b>	<b>(\$ m)</b>	<b>(\$ m)</b>	<b>(\$ m)</b>	<b>(\$ m)</b>
Northern Victoria Irrigation Renewal Project (Various)	535.1	96.7	6.0	10.5	0.0
Grasslands (Various)	190.0	20.0	20.0	20.0	30.0
Victorian Water Trust Assets - Upgrades (Various)	139.2	7.1	0.0	0.0	0.0
Fire Protection Access - Bridge replacement (Various)	52.8	14.9	0.0	0.0	0.0
Restoring and re-opening Victoria's parks (Various)	45.7	36.4	0.0	0.0	0.0
Improved bushfire prevention, preparedness, response and recovery (Statewide)	38.6	9.3	9.5	9.7	0.0
Flood recovery and repair on public land (Various)	29.4	29.4	0.0	0.0	0.0
Barwon Water - Shell Recycling Project - Commonwealth Component - Construction (Barwon)	29.2	7.5	1.0	0.0	0.0
Project 000 Response (Statewide)	23.0	22.1	0.0	0.0	0.0
Irrigators' recovery package and active flood plain restoration in the Goulburn Murray Irrigation District (Various)	10.5	10.5	0.0	0.0	0.0
Black Rock Water Recycling Project (Geelong)	10.0	2.0	1.0	0.0	0.0

Asset Replacement and Renewal at Victoria's parks and public land (Statewide)	9.9	4.1	0.0	0.0	0.0
Flood warning system recovery and improvement (Various)	9.1	0.0	1.4	1.4	1.1
Asset Replacement and Renewal at Victoria's Parks and Public Land (Statewide)	8.4	0.0	0.0	0.0	0.0
Increased Planned Burning (Statewide)	8.0	8.0	0.0	0.0	0.0
<b>Total</b>	<b>948.9</b>	<b>268</b>	<b>38.9</b>	<b>41.6</b>	<b>31.1</b>

Note: the numbers in the above table may not add due to rounding.

Notes:

- (1) As the Department has a large number of capital projects, many with only small amounts of funding, the above list only includes the 15 projects which have the highest Total Estimated Expenditure (TEI) for 2011-12.
- (2) The above list includes estimated carryover from 2010-11.
- (3) These projects can be found on pages 43-44 of Budget Paper No. 4.

**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.

	<b>Total Funding</b>	<b>2011-12</b>
<b>Output Expenditure in 2011-12</b>	<b>(\$ m)</b>	<b>(\$ m)</b>
Northern Victoria Irrigation Renewal Project (State) Output	228.0	37.8
Natural Resources Investment Program	145.0	34.6
Foodbowl Modernisation Projects	109.2	61.6
Large Scale River Restoration (ECL2)	46.7	11.2
River Red Gums	32.0	10.5
Landscape Mosaic Burning	Ongoing	10.5
Victorian Greenhouse Strategy	Ongoing	10.8
Electronic Conveyancing	Ongoing	11.2
Parks Victoria Review	Ongoing	14.3
Landata	Ongoing	14.3
MDBC State Contribution	Ongoing	21.8
Paper Australia Agreement	Ongoing	22.5
Caring for Our Country	Ongoing	29.2
Wonthaggi Desalination Plant	Ongoing	72.2
Improved Bushfire Prevention, Preparedness, Response & Recovery - Operating / Maintenance	Ongoing	73.0
Wonthaggi Desalination Plant - PV Project Payments	Ongoing	251.0
<b>Total</b>		<b>686.9</b>

Note: the numbers in the above table may not add due to rounding.

**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.

The 2011-12 Budget Paper 5, page 204, shows the Department's 2010-11 carryover as \$110.0 million. Of this, \$45.8 million relates to output initiatives and \$64.2 million to asset initiatives.

The following table provides a breakdown of the \$45.8 million output carryforward.

<b>Output Carryforward</b>	<b>2011-12 Carryforward (\$ m)</b>
Project / Initiative	
State Recurrent Funding	15.3
Foodbowl Modernisation Projects	5.5
Natural Resources Investment Program	5.0
River Red Gums	1.7
Project 000 Response	1.7
Protection of Beaches and Foreshores (Beach Renourishment in Port Phillip Bay) - Operating / Maintenance	1.4
Waterways - Restoring Environmental Flows	1.0
Stormwater & Urban Recycling	1.0
Water Rebate Scheme (including tanks)	1.0
State Forest Roads	0.8
Local Action for Sustainability (Accord II)	0.7
Native Title Claims	0.6
Enhancing Victoria's Parks and Reserves (Output)	0.6
Other: various initiatives with a carryforward below \$1.0 million	9.5
<b>Subtotal (output)</b>	<b>45.8</b>

The Carryforwards primarily relate to delays in project completion due to the extreme flooding events of late 2010 and early 2011. Affected programs include:

- Natural Resource Investment Program
- River Red Gums program
- Waterways – Restoring Environmental Flows initiative.

The extreme flooding events of late 2010 and early 2011 have also impacted the carryforward of State Recurrent Funding due to the reprioritisation of departmental activities from a range of small initiatives to allow timely flood response and recovery works.

In addition:

- the Foodbowl Modernisation Project expenditure has been revised by the Northern Victoria Irrigation Renewal Project State Owned Enterprise
- the community consultation process for the Protection of Beaches and foreshores program has been extended due to project design refinements
- the Project 000 Response program is awaiting state contract negotiations for pager purchases and the start up of the radio program has been reprioritised to accommodate Royal Commission deliverables
- the Stormwater and Urban Recycling project is expended as projects are approved, and while the Water Rebate Scheme is on track, expenditure patterns reflect when claims are made.

The table below provides a breakdown of the \$64.2 million capital carryforward.

<b>Capital Carryforward</b>	<b>2010-11 Carryover (\$m)</b>
Project / Initiative	
Foodbowl Modernisation Projects	38.8
Water Augmentation Projects - Melbourne to Geelong	11.0
Project 000 Response	9.6
Minor Capital Works Programs	4.3
Other: various initiatives with a carryforward below \$1.0 million	0.5
<b>Subtotal (capital)</b>	<b>64.2</b>

The Foodbowl Modernisation Project carryforward is due to heavy rainfall and flash flooding that occurred in regional Victoria in January 2011. This has directly impacted the Northern Victoria Irrigation Renewal Project (NVIRP)'s installation of gates to control the flow of water through the irrigation channels and the reshaping and lining of the channels to stop seepage. The delays caused by the flooding can not be recovered this financial year as they cannot be undertaken during the Winter works period.

Unfavourable weather conditions and ongoing repairs to assets damaged by floods have also resulted in minor departmental capital works program delays.

Expenditure against the Melbourne-Geelong Pipeline project has been delayed due to a longer than anticipated time for Barwon Water to obtain the environmental approvals for the project from the Commonwealth Government.

Project 000 Response is discussed above.

## **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.

### **Landfill levy increase**

In Victoria, generating waste and disposing of it into landfills is a minor fraction of business and household costs, and is often less expensive than other waste management solutions, such as recycling. As a consequence, the amount of waste generated Statewide is continually increasing. Although the proportion of recycling and resource recovery has also been increasing, this has not sufficiently offset the increased waste generation to bring an overall decrease in the amount of waste disposed to landfill.

Currently, municipal waste sent to landfill faces a levy rate of \$30 per tonne in metropolitan Melbourne and provincial centres, or \$15 per tonne in rural Victoria. Industrial waste sent to landfill faces a levy rate of \$30 per tonne in metropolitan Melbourne and provincial centres, or \$25 per tonne in rural Victoria.

These rates were originally scheduled to increase on 1 July 2011 to \$40 per tonne in metropolitan Melbourne and provincial centres, or \$20 per tonne in rural Victoria (see Table 1). Industrial waste sent to landfill will face a levy rate of \$40 per tonne in metropolitan Melbourne and provincial centres, or \$35 per tonne in rural Victoria.

**Table 1. Previous proposed increases in the Landfill Levy.**

	\$ per tonne					
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Melbourne and Provincial Centres</b>						
Municipal levy	\$9.00	\$30.00	\$40.00	\$44.00	\$48.40	\$53.20
Industrial levy	\$15.00	\$30.00	\$40.00	\$44.00	\$48.40	\$53.20
<b>Rural</b>						
Municipal levy	\$7.00	\$15.00	\$20.00	\$22.00	\$24.20	\$26.60
Industrial levy	\$13.00	\$25.00	\$35.00	\$38.50	\$42.40	\$46.60

The Government will bring forward increases in landfill levy rates that were announced by the former government, but not legislated (see Table 2). These increases will apply from 1 July 2011.

**Table 2. 2011-12 budget increases in the Landfill Levy.**

	\$ per tonne					
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Melbourne and Provincial Centres</b>						
Municipal levy	\$9.00	\$30.00	\$44.00	\$48.40	\$53.20	\$58.50
Industrial levy	\$15.00	\$30.00	\$44.00	\$48.40	\$53.20	\$58.50
<b>Rural</b>						
Municipal levy	\$7.00	\$15.00	\$22.00	\$24.20	\$26.60	\$29.30
Industrial levy	\$13.00	\$25.00	\$38.50	\$42.40	\$46.60	\$51.30

Annual reports and related information on waste management in Victoria indicate mixed success in reducing waste to landfill and encouraging recycling and resource recovery. Victoria must therefore adopt more effective measures to encourage diversion of waste from landfill. A critical element is to influence the economic factors which currently encourage disposal of waste to landfill.

Key characteristics of waste management and disposal in Victoria that hinder the achievement Victoria's waste reduction objectives are:

- the substantial price differential between disposing of waste to landfill and sending it to alternative resource recovery facilities;
- the need for significant upfront capital investment to secure sufficient facilities for extensive resource recovery, in the face of intermittently marginal commodity prices for end-products and competing business investment options providing more favourable risk and return profiles; and
- the difficulty in achieving better waste management practices in households and industries, where there has been a historical lack of awareness, diligence and/or investment.

An increase in landfill levies will accelerate and augment Government's resolution of the first point while providing revenue for addressing the subsequent points, as well as providing funding for other environmental priorities.

The Department anticipates increase revenue to the Environmental Protection Fund and the Sustainability Fund as a result of the increase in landfill levy rates (see Table 3 for total estimated increased revenue). On 5 May 2011, the Minister for Environment and Climate Change announced a review of Sustainability Victoria. The best possible uses for the increased landfill levy revenue will be investigated as part of the review.

**Table 3. Total estimated increases in Landfill Levy revenue.**

	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Bring Forward Increases to Landfill Levy Rates</b>	-	\$11.9m	\$11.2m	\$10.3m	\$9.9m

As at the 2011-12 budget, no State Government programs/projects have been revised as a result of changes to existing revenue initiatives.

The increase may have an effect on Local Governments. The Department will work with Local Government to address issues that may arise.

### **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.

### **Energy efficiency rebates for Low Income Households**

This is a new initiative which will subsidise the purchase of energy efficient appliances for low income households. A total of \$5.0 million will be provided over two years through:

- \$700 rebates to replace electric heaters with high efficiency gas space heaters. This is expected to save around \$280 off electricity bills per year.
- \$100 rebates to purchase energy efficient whitegoods. Energy savings for a 3.5 Star rated refrigerator is around \$25 per year.

Research undertaken by the Department in 2010 indicates that low income private rental properties are more likely to use high-cost/low efficiency appliances, in part because landlords have no incentive to address energy inefficiencies because they do not pay the energy bills.

This initiative will contribute to the Government's policy around Energy and Resources and will assist in meeting the election commitment to ease the cost of living.

This initiative is also expected to save 1,188 tonnes of greenhouse gas on total rebates provided, and 5,48 kilolitres in annual water savings.

### **Water Efficiency Rebates for Residential and Small Business Customers**

This is a new initiative which subsidises households and small businesses to assist with the rising costs of water and encourage the increased take up of water efficient products.

A review of current household rebates is currently being undertaken by the Department to determine which of the existing rebates should be retained and at what level. An assessment of additional rebate options is being explored in line with Government election commitments.

The rebate scheme will also now extend to small businesses to provide rebates for water efficient appliances and other suitable products. This will contribute to the Government's "Plan for Water".

The household component of this scheme will be available to all Victorian households and not limited to Low Income Households.

### **Free Zoos for Children under 16**

This is a new program to fully subsidise entry to Victoria Zoos for all children under 16 years of age on weekends, public holidays and during school holiday.

Last year, 660,000 of Zoos Victoria's 1.8 million visitors were children under 16 years old.

The Government will provide \$10.7 million over four years for the initiative, with the Department to review the initiative after the first year.

This initiative will contribute to the Government's election commitment to ease the cost of living.

### **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.

There are no revenue measures or concessions for which rates have been increased above inflation.

### **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.

### **Sales of Goods and Services**

The 45% reduction in Sales of Goods and Services income, from \$76.0 million in 2010-11 to \$41.6 million in 2011-12, is due to a range of water related projects being finalised, and the collection of one off revenue during 2010-11.

### **Grants Income**

The 52% increase in Grants Income, from \$29.0 million in 2010-11 to \$41.6 million in 2011-12, is primarily due to additional funding being provided to implement a range of environmental initiatives including:

- a voluntary accreditation scheme for small and medium enterprises
- an environmental grants program to assist local community groups to undertake on-ground activities
- a rebate program for low income homes purchasing gas space heaters, and energy efficient refrigerators and washing machines; and
- to continue and build on the existing ResourceSmart Australian Sustainable Schools Initiative (AuSSIVic) program.

### **Other Income**

The 16% increase in Other Income, from \$261.0 million in 2010-11 to \$303.6 million in 2011-12, mainly relates to increased revenue from the Landfill levy, discussed in question 9.1 above.

## 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.

There are no developments at Commonwealth level impacting the Department's component of the 2011-12 State Budget. Reporting requirements for current initiatives, such as the Water Management Partnership Agreement, are unchanged.

### **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.

*Insert spreadsheet 10.2a – Specific Purpose Payments*

*Insert spreadsheet 10.2b – National Building*

*Insert spreadsheet 10.2c – National Partnership project payments*

*Insert spreadsheet 10.2d – other Commonwealth grants*

**Question 10.3 (Department of Treasury and Finance only)**

Please explain how any major changes between financial agreements with the Commonwealth have impacted on the State's budget for 2011-12, e.g. new national health and hospitals reform.

**Question 10.4 (Department of Treasury and Finance only)**

What has been the impact of changes to Victoria's share of the GST pool for 2011-12 and beyond?

## **11. Net debt**

**Question 11.1 (Department of Treasury and Finance only)**

In relation to the net debt projections for the non-financial public sector for the 2011-12 budget year and over the forward estimates to 2014-15, please provide a breakdown of the spread of net debt between the general government sector and each of the public non-financial corporations concerned.

**Question 11.2 (Department of Treasury and Finance only)**

What plans are in place to reduce Victoria's net debt position over time?

**Question 11.3 (Department of Treasury and Finance only)**

Does the Government expect to maintain Victoria's AAA credit rating? If so, what strategies have been put in place to achieve this?

## 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?

The key environmental issues expected to impact the Department in 2011-12 are those arising from the extreme flooding events in late 2010 and early 2011. This will include repairing damage to natural and built assets for which the Department and its agencies are responsible, repairing flood warning and water management infrastructure that has been damaged, and supporting affected communities recover and rebuild.

The Department also expects the longer term objectives of promoting integrated water cycle management and increased energy and water efficiency to have an impact 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?

The Department has allocated total funding of \$176.3 million across 2010-11 and 2011-12 to respond to recent flood events. Of this funding, \$141.3 million will be expended in 2011-12 on a range of initiatives, including:

- \$34.0 million in to repair departmental assets and address public safety issues.
- \$5.1 million to repair damage to levees and groundwater bores.
- \$30.0 million in grants to repair community infrastructure such as public halls, sporting clubs, sports grounds and caravan parks.
- \$17.5 million to support the recovery efforts of Irrigators in the Lower Loddon region, including Benjeroop.
- \$49.2 million to repair damage at Victorian parks.

Funding of \$12.1 million is also provided over four years to implement Floodzoom, which will deliver an improved flood intelligence platform and warning system to ensure communities receive appropriate flood warnings in future.

Promoting integrated water cycle management and increased energy and water efficiency remain priorities in the longer term, and in response, the following election commitments will be implemented over the forward estimates period:

- \$50.0 million over four years to help communities adopt integrated water cycle management

- \$40.0 million over four years to provide rebates for water efficient appliances and items
- \$5.0 million over 2 years to provide energy efficiency rebates for low income homes.

(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.

The key initiatives listed above in *section 12.1 (b)* deliver new funding to address recent floods, water security and sustainable energy management. These are all new funding initiatives arising from unforeseen flood events or election commitments.

### 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.

The critical issues the Department addresses tend to be State-wide by nature. Initiatives in the 2011-12 budget that address water, energy and environmental management, and cost of living pressures, are not bound by regional borders, or modified for metropolitan versus rural delivery. Examples of such initiatives include: the Kids Enter Zoos Free Program, Landcare Coordinators, Park Rangers, Weeds and Pest Management, Parks Victoria Review, Energy Efficiency Rebates for Low Income Homes and Rebates for Water Efficient Appliances.

The Department has, however, identified critical issues specific to metropolitan, regional and rural communities which are being addressed by 2011-12 budget initiatives and described these below.

	<b>Critical issues</b>	<b>Explanation of how these issues are addressed through the 2011-12 Budget</b>
Metropolitan Melbourne	Water management	<p>Integrated Water Cycle Management:</p> <p>The Plan for Water has committed \$50 million to deliver innovative strategies and projects to implement Integrated Water Cycle Management (IWCM). The funding will support innovation and demonstration to 'lead the way' in the adoption of water sensitive urban design and alternative water projects.</p> <p>The IWCM initiative will reintroduce water into the urban landscape to minimise the city's footprint, cool the city down and provide services in a more sustainable and environmentally friendly manner which could include the construction of rain gardens and rooftop gardens. The initiative includes \$5.0 million specifically for the Melbourne CBD.</p>

	<b>Critical issues</b>	<b>Explanation of how these issues are addressed through the 2011-12 Budget</b>
Port Phillip Bay Coastline	Coastal erosion of Port Phillip Bay.	<p>Protection of Port Phillip Bay Beaches and Foreshore program:</p> <p>Damage as a result of storm surge events is an ongoing issue and is likely to increase as these events are predicted to occur at a higher frequency and intensity due to climate change. Narrow beaches afford limited protection to developed areas of the coast, leaving valuable assets vulnerable to storm damage.</p> <p>Of Port Phillip Bay's 100 plus beaches, 30 priority beaches have been artificially constructed through renourishment and sand over the past 40 years.</p> <p>The 2011-12 budget provides \$9.5 million over four years to to implement the Protection of Port Phillip Bay Beaches and Foreshore program, which will focus on improving sand renourishment, dune rehabilitation, protect assets and stormwater management.</p>
Regional Cities	Water management	<p>Ballarat has one of the highest growth rates in Victoria. The City of Ballarat's Ballarat West Growth Area Plan 2009 forecasts an increase in population of between 35,000 and 40,000 by 2030. It is estimated this additional population of 37,000 will create a water supply demand for an extra 2,800 ML per year, an additional 31% of Ballarat's current supply.</p> <p>The 2011-12 budget provides \$1.0 million to Central Highlands Water to undertake an integrated water management feasibility study for Ballarat.</p> <p>It is envisaged that the feasibility study will assist the Ballarat and District Water Supply System to identify ways to become more self sufficient.</p>

	<b>Critical issues</b>	<b>Explanation of how these issues are addressed through the 2011-12 Budget</b>
Rural Victoria	Late 2010 and Early 2011 Floods	<p>High intensity rainfall during late 2010 and early 2011 caused major flooding across Victoria. Damage caused by the floods include:</p> <ul style="list-style-type: none"> <li>• Levees along the lower Loddon Floodplain were breached in the January 2011 floods</li> <li>• 122 monitoring bores within flooded areas of north west Victoria have either been inundated with flood water or remain inaccessible</li> <li>• Extensive damage to irrigation properties and prolonged inundation of land including Benjeroop.</li> </ul> <p>The 2011-12 budget provides over \$20.9 million has been provided in rural flood affected areas to assist with flood recovery in rural areas.</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.

The Department’s resources are allocated on a “as needs” basis according to the primary functions of the Department:

- water management
- public land fire management
- climate change policy
- ecosystem and biodiversity conservation
- public land stewardship across forests, parks, coasts, alpine resorts and Crown land reserves

Given the state-wide nature of the Department’s primary functions, the Department is unable to provide examples of programs in regional Victoria and how the breakdown of resource allocation to regional cities and rural areas was determined in those programs.

**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:

<b>Project</b>	<b>Budget 2011-12 (\$m)</b>	<b>New or existing project?</b>	<b>Purpose of the project</b>	<b>How is the funding to be spent?</b>	<b>What performance measures are in place?</b>	<b>Expected net benefits</b>	<b>NPV</b>
Northern Victoria Irrigation Renewal Project (Various)	96.7	Existing	<p>The Northern Victoria Irrigation Renewal Project (NVIRP) is modernising irrigation infrastructure in northern Victoria to transform Victoria's food bowl and one of Australia's most important agricultural areas into the most sophisticated and efficient of its kind in the world.</p> <p>Stage 1 of this irrigation upgrade is on target to deliver 225 billion litres in average annual water savings, to be achieved through more efficient delivery and improved irrigation services.</p>	Funding is to be spent on the ongoing delivery of the NVIRP project. Stage 1 of the project will be delivered between 2007/08 and 2012/13. Works for the 2011-12 year include installation of regulator gate structures, channel refurbishing, meter replacements and payments for irrigators to connect to backbone channels.	Payments are made against milestones specified in a signed funding agreement between the State Government and NVIRP.	The project will: Improve the standard of water delivery to irrigators in the GMID, reduce system losses and improve the total productivity of the irrigation sector in the GMID.	N/A

Project	Budget 2011-12 (\$m)	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
Grasslands	20	Existing	<p>The Melbourne Strategic Assessment is an integral part of the Government's urban growth and transport initiatives Delivering Melbourne's Newest Sustainable Communities. It will remove the need for individual referrals under the Commonwealth Environment Protection and Biodiversity Conservation Act 1999 by utilising rules embedded in existing Victorian planning processes, protect biodiversity assets around Melbourne, and establish a 15,000 ha strategic grasslands offset reserve to facilitate development over 41,500 hectares, the required land supply for residential and industrial development over the coming 20 years.</p> <p>Note: this funding is not from the Commonwealth (I understand that there has been some confusion as to what is and what isn't from them)</p>	The fund will be used to purchase land as part of the Strategic Assessment, to create the Western Grassland Reserve	Acquisition (purchase) and reservation of 15,000 hectares of private land completed by 2020.	<p>Increase in public reservation of critically endangered grassland communities from 2% to 20% of known existing area.</p> <p>Provision of a key Victorian Government commitment in implementation of the agreement with the Commonwealth Government to conduct a strategic assessment of potential impact of Melbourne's urban growth on matters of national environmental significance (s146 EPBC Act).</p> <p>Contribution to faster approvals and lower development costs of Melbourne's urban expansion.</p>	N/A

Project	Budget 2011-12 (\$m)	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
Fire Protection Access - Bridge replacement (Various)	14.9	Existing	<p>This initiative aims to replace or upgrade 300 bridges and major crossings over a four-year period to ensure safe and effective access to water catchments and other areas of public land across the State, enabling DSE to meet its obligations for fire protection and prevention. This will be achieved by progressively replacing aged and deteriorated wooden bridges with concrete, steel or solid core materials that meet Australian standards (AS5100).</p> <p>This initiative does not include any increase in the road asset base, or any upgrade to the road classification.</p> <p>For noting: This has been reviewed and is now a three-year initiative.</p>	To replace and upgrade 300 bridges and major crossings.	<p>BP3 - Bridges and stream crossings to be replaced or repaired to enable safe access for rapid bushfire response, tourism and commercial operators during the current reporting period 100 number.</p> <p>State Forest Bridges (on Category 1 roads) with documented inspections 100%.</p>	To enable safe access for rapid bushfire response planned burns, tourism and commercial operators.	N/A

## 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).

#### **New Measures**

##### **Sustainable Water Management and Supply**

*2011-12 Measure - Rebates approved for small business for improved water efficiency*

This is a new performance measure reflecting the Department's implementation of an election commitment to introduce a new water efficiency rebate program that now includes grants to small business customers.

#### **Changed measures**

##### **Public Land**

*2010-11 Measure - Crown land reserves that have appointed delegated managers*

*2011-12 Measure - Publicly elected Committees of Management that have a current statutory appointment*

The 2011-12 performance measure reflects the same activity as the 2010-11 performance measure, however, it focuses on the work the Department undertakes to ensure that appointments of land managers are made once the current appointment period of three years has lapsed. The 2011-12 measures the sometimes difficult and or challenging work required to engage the community to take up these roles in an unpaid capacity or to identify an alternative management regime.

##### **Land and Fire Management**

*2010-11 Measure - Community engagement plans developed and implemented*

*2011-12 Measure - Strategic engagement forums held*

The 2011-12 performance measure reflects the same activities as the 2010-11 performance measure, however, whilst Community Engagement Plans are still developed each year, the Community Engagement function is now focussing on strategic engagement forums. These forums bring a range of stakeholders together to share perspectives and facilitate interaction, improving overall levels of understanding, trust and engagement within the community.

##### **Statutory Activities and Environment Protection**

*2010-11 Measure - Compliance with statutory requirements, as a proportion of assessments of discharge licences and enforcement notices*

*2011-12 Measure - Notices complied with by due date or escalation in line with Compliance and Enforcement Policy*

The 2011-12 performance measure is the same as the 2010-11 performance measure except that it better reflects EPA's risk based approach to compliance.

### **Forests and Parks**

*2010-11 Measure - Parks managed by Parks Victoria, assessed as high priority for weeds and pest control*

*2011-12 Measure - Number of hectares treated to minimise the impact of pest plants, pest animals and overabundant native animals in parks managed by Parks Victoria*

The 2011-12 performance measure reflects the same activity as the 2010-11 performance measure however it more clearly reflects the management activity and effectiveness of the weeds and pest programs.

*2010-11 Measure - Commercial timber harvesting operations consistent with timber release plans and wood utilisation plans*

*2011-12 Measure - Level of compliance with environmental regulatory framework for commercial timber operations as required by the Forest Audit Program*

The 2011-12 performance measure reflects the same activity as the 2010-11 performance measure, however, whilst the 2010-11 measure related to VicForests the 2011-12 measure focuses on the Department as an environmental regulator as directed by the timber industry strategy.

### **Discontinued Measures**

#### **Sustainable Water Management and Supply**

*2010-11 Measure - Unconfirmed water shares on the water register*

This performance measure has been discontinued as the project in relation to confirming water shares on the water register will be completed at the conclusion of 2010-11 with approximately 99% of the water shares having their ownership confirmed.

*2010-11 Measure - Upgrade or construction of additional bore sites*

This performance measure has been discontinued as initiative funding for the State Observation Bore Network is due to lapse at the conclusion of 2010-11.

*2010-11 Measure – Posting of the monthly water report to the Our Water Our Future website within agreed timeframes*

This performance measure is proposed to be discontinued as the posting of the monthly water report to the Our Water Our Future website is currently reported within 'Water information products delivered for greater accountability in sustainable water resource management' performance measure.

*2010-11 Measure - Urban water reform policy projects completed within agreed timeframes*

This performance measure has been discontinued due to the implementation of the Government's Living Melbourne/Living Victoria policy and the establishment of the associated Ministerial Advisory Council. After further water policy reform work is undertaken in 2011-12, the Department will include a relevant performance measure in the 2012-13 Budget to better reflect Government priorities on water policy projects.

*2010-11 Measure - Water markets and regulatory reform policy projects completed within agreed timeframes*

This performance measure has been discontinued due to the implementation of the Government's Living Melbourne/Living Victoria policy and the establishment of the associated Ministerial Advisory Council. After further water policy reform work is undertaken in 2011-12, the Department will include a relevant performance measure in the 2012-13 budget to better reflect Government priorities on water policy projects.

### **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.

#### **Public Land**

*2011-12 Measure - Beach protection assets repaired*

*2010-11 Expected Outcome - 3*

*2011-12 Target - 2*

The 2011-12 Target is lower than the 2010-11 Target and 2010-11 Expected Outcome as a result of initiative funding for this project being rescaled.

#### **Sustainable Water Management and Supply**

*2011-12 Measure - Cumulative water savings realised through water recovery projects*

*2010-11 Expected Outcome – 551900 ML*

*2011-12 Target – 609900 ML*

This is a cumulative target – water savings accrue over time.

*2011-12 Measure - Estimated net reduction in total load of nitrogen and phosphorus in urban and rural water systems*

*2010-11 Expected Outcome - 20.1 tonnes*

*2011-12 Target - 17.5 tonnes*

The 2010-11 Expected Outcome and 2011-12 Target are higher than the 2010-11 Target, reflecting a reprioritisation of regional works towards the 'increasing stabilisation of bank erosion' performance measure which directly contributes towards the total reduction of phosphorus and nitrogen in urban and rural water systems.

*2011-12 Measure - Expected water savings through water recovery projects currently being implemented*

*2010-11 Expected Outcome – 112592 ML*

*2011-12 Target – 58000 ML*

The 2011-12 Target is lower than the 2010-11 Expected outcome due to most water recovery projects with the exception of the NVIRP Stage 1 program, being completed in 2010-11.

*2011-12 Measure - Length of rivers where works have been undertaken to improve instream health*

*2010-11 Expected Outcome – 87 km*

*2011-12 Target – 69 km*

The 2010-11 Expected Outcome is higher than the 2011-12 Target reflecting a reprioritisation of regional works away from the streamside zone to instream and erosion areas to deal with flood response actions in affected catchments.

*2011-12 Measure - Rebates approved to households for improved water efficiency in the house and garden*

*2010-11 Expected Outcome - 35000*

*2011-12 Target – 30000*

The 2011-12 Target is lower than the 2010-11 Expected Outcome reflecting the new water efficiency rebate program that now includes grants for small business customers.

### **Public Land**

*2011-12 Measure - Threatened native species and communities for which specifically targeted conservation measures are in place at Royal Botanic Gardens*

*2010-11 Expected Outcome - 15*

*2011-12 Target – 8*

The 2011-12 Target is lower than the 2010-11 Expected Outcome as initiative funding for the Victorian Conservation Seedbank program, which directly funds part of the overall program for the delivery of conservation measures at the Royal Botanic Gardens, is due to lapse at the end of 2010-11.

### **Statutory Activities and Environment Protection**

*2011-12 Measure - Increase in EPA notices issued for illegal dumping of waste*

*2010-11 Expected Outcome - 100*

*2011-12 Target – 15*

The 2010-11 Expected Outcome is higher than the 2010-11 Target as the commencement of the new illegal dumping Striking Force has had a higher and earlier than anticipated impact on notices issued.

**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.

Initiatives in the 2011-12 Budget	Asset or Output	Total/TEI (\$ million)	Performance Measure
Community Green Fund Grants Program	O	20.0	This initiative will contribute to the Department's output of a 'Healthy and resilient natural environment' and 'Healthy and productive land' outputs. The Output provides a partnership approach with communities, Catchment Management Authorities, other government agencies and research institutes for improvement in the condition of the State's natural assets. Additionally, these outputs facilitate the need to maintain an ecologically healthy and sustainable terrestrial and coastal environment. This initiative will directly contribute to the outputs by making grants available to community groups for environmental management activities such as weed and pest management, revegetation and resource recycling and re-use.
Leading the way – liveable Victoria Fund – Funding for communities to adopt integrated water cycle management	O	50.0	The initiative will contribute to the Department's Securing water resources for the future output.  Details of the program performance measures will be determined either by the Ministerial Advisory Council or the Living Victoria Authority and will potentially relate to potable water savings and external benefits related to stream estuary and bay health.
Water Efficiency rebates for residential and Small Business Customers	O	40.0	A new performance measure was incorporated into the 2011-12 Budget Paper 3 for this initiative:  "Rebates approved for small business for improved water efficiency" will have a 2011-12 target of 5,000.  In addition, the performance measure "rebates approved to households for improved water efficiency in the house and garden" will continue in 2011-12.

Initiatives in the 2011-12 Budget	Asset or Output	Total/TEI (\$ million)	Performance Measure
Flood recovery community infrastructure fund	O	30.0	Not Applicable - This is a once off source of funding to rebuild community assets to restore damage from the floods.
Restoring and re-opening Victoria's parks (Statewide)	O/A	60.2	Not Applicable - This is a once off funding for recovery and repair costs at national and regional parks following severe flooding in 2011.
Flood recovery and repair on public land (Statewide)	O/A	34.0	Not Applicable - This is once off funding for the recovery and repair costs to public land assets following severe flooding.
Insurance premium increases	O	24.1	Not Applicable - Funding is provided to meet the rising costs of insuring public land assets due to higher claims activity following recent bushfire and flood events, and the requirements to rebuild assets to higher engineering and building standards.
Parks Victoria Base Review	O	46.7	Not Applicable - Funding is provided to ensure the ongoing financial sustainability of Parks Victoria in light of a number of cost pressures including increasing population and visitation, increasing insurance premiums, and an increasing area of land that is required to be managed.
Park Rangers	O	30.5	This initiative contributes to the Department of Sustainability and Environment's Healthy and Productive Land output which provides for the management of Victoria's state run parks and forests. Through this output the Department manages the balance between development and protection of natural, cultural and community assets for enjoyment and sustainable use. Whilst there are no new performance measures for this initiative, it will directly contribute to the output by providing relevant park management services.
Remediation costs of the Stevenson's Road Landfill	O	24.0	Not Applicable Providing the ex gratia payment will not contribute to the Department's 2011-12 outputs or performance measures.

## 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.

*Insert spreadsheet 15.1a - DSE staffing*

*Insert spreadsheet 15.1b - PV staffing*

*Insert spreadsheet 15.1c - EPA staffing*

*Insert spreadsheet 15.1d – SV staffing*

**Contact details**

Department: Department of Sustainability and Environment

Contact Officer: James Atkinson

Position: Acting Manager, Budget Coordination and Strategy

Contact Numbers: .... Telephone: 9637 8464

Fax: n/a

E-mail: james.atkinson@dse.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

(03) 8682 2861

## 10.2(a) - Specific Purpose Payments (SPPs)

Please provide the following details for any Specific Purpose Payments (SPPs) to be received by your Department from the Commonwealth in 2011-12.

Please provide all figures to the nearest \$0.1 million.

Service delivery program	Budget 2010-11 (\$m)	Revised 2010-11 (\$m)	Budget 2011-12 (\$m)	Change between 2011-12 Budget and Revised 2010-11 (%)	Reason for change
Caring for Our Country	0.0	2.3	1.6	-30.72%	This funding reflects changes to the competitive component of the Caring for our Country initiative which is approved and advised annually. The 2011-12 figure includes only confirmed funding as a result of competitive projects approved during 2010-11. The Australian Government is currently running a competitive funding process, which may result in more funds being approved to the Department during 2011-12.
Bureau of Meteorology Water Information Improvements	0.0	1.4	0.0	-100.00%	Funding agreements with the Bureau of Meteorology are negotiated annually, with agreements generally completed in May or June each year. Funding is expected for 2011-12, but estimates cannot be provided until the funding agreements have been completed.
Murray Darling Basin - Project Trust	4.1	9.5	5.1	-46.37%	The variance is due to contract with the Murray Darling Basin not yet being in place. Once contract are agreed revised estimates for 2011-12 will be provided.
Snowy River Flow	7.5	17.5	7.5	-57.14%	The Federal Government committed to an additional \$50m to the Snowy Joint Government Enterprise (JGE) as one of the 2007 Election promises. A total of \$40m has already been paid to the JGE with the remaining \$10m to be paid to the JGE via DSE. The movement represents the additional payment in 2010-11 from the Commonwealth.

## 10.2(b) - Nation Building - Economic Stimulus Plan

Please provide the following details for any Nation Building - Economic Stimulus Plan funding to be received by your Department from the Commonwealth in 2011-12.  
Please provide all figures to the nearest \$0.1 million.

Program/plan	Budget 2010 11 (\$m)	Revised 2010-11 (\$m)	Budget 2011 12 (\$m)	Change between 2011 12 Budget and Revised 2010-11 (%)	Reason for change
No items					

## 10.2(c) - National Partnership project payments

Please provide the following details for any National Partnership project payments to be received by your Department from the Commonwealth in 2011-12.

Please provide all figures to the nearest \$0.1 million.

Output/project	Budget 2010-11 (\$m)	Revised 2010-11 (\$m)	Budget 2011-12 (\$m)	Change between 2011-12 Budget and Revised 2010-11 (%)	Reason for change
<b>Capital</b>					
National Reserve - Land acquisition <i>(Forms part of the NPA - Protecting Our Environment)</i>	0.3	0.8	0.3	-62.50%	This variance is due to a carryover from the 09-10 financial year into the 10-11 financial. Works to be carried out in 2010-11 relate to a broad range of land conversation activities
Barwon Water/Shell Recycling (Northern Water Plant) <i>(Forms part of the NPA - Water for the Future)</i>	16.5	10.0	7.5	-25.00%	The change in budget/estimated payments compared to 2011-12 is due to different amounts attaching to each milestone of the project. 2010-11 - \$5m payments for both Milestone 2 and 3 relate to the completion of the Northern Water Plant detailed design and the Commencement of construction. 2011-12 - \$7.5m payment for Milestone 4 is to complete key structural works for the plant such as laying the foundation, structural steelwork and piping.
Black Rock Water Recycling Project <i>(Forms part of the NPA - Water for the Future)</i>	4.0	6.0	2.0	-66.67%	The change in budget/estimated payments compared to 2011-12 is due to different amounts attaching to each milestone of the project. 2010-11 - A total of \$6m for Milestone 2 and 3 relate to the completion of the Black Rock Water Recycling Plant detailed design and the commencement of construction. 2011-12 - \$2.0m payment for Milestone 4 is to complete construction.
<b>Output</b>					
Sustainable Groundwater Management <i>(Forms part of the NPA - Water for the Future)</i>	0.0	0.1	0.1	0.00%	n/a
Water Register <i>(Forms part of the NPA - Water for the Future)</i>	0.7	1.1	0.2	-83.18%	Current funding agreement with the Commonwealth for the Water Register is coming to an end and there is no new agreement in place for 2011-12. The \$0.2m for 2011-12 relates to a delayed project milestone for which 2010-11 funding will be provided in 2011-12.
BushBroker <i>(Forms part of the NPA - Protecting Our Environment)</i>	0.6	0.6	0.6	0.00%	n/a
National Groundwater Action Plan <i>(Forms part of the NPA - Water for the Future)</i>	1.2	1.2	1.1	-9.17%	The movement is in line with the project's approved cashflows
Caring for Our Country <i>(Forms part of the NPA - Caring for our Country)</i>	31.3	31.1	29.1	-6.43%	Also listed in SPP payments: The variation in funding relates to competitive grants components of this initiative, which are approved and advised annually. The 2011-12 figure includes only confirmed funding as a result of competitive projects approved during 2010-11. The Australian Government is currently running a competitive funding process, which may result in more funds being approved to the Department during 2011-12.

## 10.2(d) - Other Commonwealth grants

Please provide the following details for any other Commonwealth grants pertaining to functions carried out by the Department in 2011-12.

Please provide all figures to the nearest \$0.1 million.

Output/project	Budget 2010-11	Revised 2010-11	Budget 2011-12	Change between 2011- 12 Budget and Revised 2010-11 (%)	Reason for change
No items					

## 15 - Staffing matters - DSE

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
Executive	39.0	0.0	0.0	7.0	46.0	45.0	0.0	0.0	1.0	46.0	46.0	0.0	0.0	0.0	46.0
Field Staff	227.0	85.0	0.2	6.0	318.2	324.5	5.0	0.0	3.0	332.5	316.0	13.5	0.0	3.0	324.0
Grade 1	1.5	0.0	2.6	0.0	4.2	1.6	2.0	1.3	0.0	5.0	1.6	2.0	1.3	0.0	5.0
Grade 2	183.6	56.8	11.4	9.0	260.7	198.8	51.5	14.3	16.0	280.5	178.9	46.4	14.3	16.0	255.5
Grade 3	515.2	108.5	1.8	16.0	641.5	525.8	97.7	3.4	35.0	661.9	473.2	88.0	3.4	35.0	598.4
Grade 4	470.5	100.1	0.0	16.0	586.6	503.7	96.0	1.7	27.0	628.4	537.7	103.3	1.7	27.0	665.4
Grade 5	437.5	62.6	1.2	14.0	515.3	481.4	44.9	1.2	25.0	552.5	499.1	49.4	1.2	25.0	565.3
Grade 6	318.6	32.8	1.0	4.0	356.4	328.7	28.2	1.2	10.0	368.2	344.4	31.2	1.2	10.0	385.6
Legal Adaptive	24.6	4.0	0.0	1.0	29.6	25.6	3.0	0.0	2.0	30.6	25.6	3.0	0.0	2.0	30.6
Other	11.0	7.0	0.0	0.0	18.0	10.5	3.0	0.0	0.0	13.5	10.5	3.0	0.0	0.0	13.5
Science Adaptive	47.4	16.4	0.9	0.0	64.7	57.8	12.8	0.0	2.0	72.6	51.8	12.8	0.0	2.0	66.6
STS	12.3	0.0	0.0	0.0	12.3	12.3	1.0	0.0	0.0	13.3	12.3	1.0	0.0	0.0	13.3
<b>Total</b>	<b>2288.2</b>	<b>473.2</b>	<b>19.1</b>	<b>73.0</b>	<b>2853.5</b>	<b>2515.7</b>	<b>345.1</b>	<b>23.2</b>	<b>121.0</b>	<b>3005.0</b>	<b>2497.1</b>	<b>353.6</b>	<b>23.2</b>	<b>120.0</b>	<b>2969.2</b>

## 15 - Staffing matters - Parks Victoria<sup>^</sup>

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
Executive	17.4	1.0	0.0	0.0	18.4	17.4	1.0	0.0	0.0	18.4	17.4	0.0	0.0	0.0	17.4
Grade 1	1.4	0.0	0.0	0.0	1.4	1.4	0.0	0.0	0.0	1.4	0.8	0.2	0.0	0.0	1.0
Grade 2	386.1	32.0	0.0	0.0	418.1	414.5	42.4	0.0	0.0	456.9	417.4	42.4	0.0	0.0	459.8
Grade 3	130.3	7.8	0.0	0.0	138.1	131.5	12.3	0.0	0.0	143.8	121.2	14.3	0.0	0.0	135.5
Grade 4	156.4	8.0	0.0	0.0	164.4	153.9	7.2	0.0	0.0	161.1	143.6	11.0	0.0	0.0	154.6
Grade 5	91.6	6.8	0.0	0.0	98.4	93.7	6.5	0.0	0.0	100.2	93.7	6.5	0.0	0.0	100.2
Grade 6	117.4	6.8	0.0	0.0	124.2	116.2	6.8	0.0	0.0	123.0	101.2	6.8	0.0	0.0	108.0
Grade 7	50.2	5.0	0.0	0.0	55.2	51.3	4.0	0.0	0.0	55.3	49.2	2.0	0.0	0.0	51.2
Grade 8	75.9	3.0	0.0	0.0	78.9	75.6	3.0	0.0	0.0	78.6	73.4	2.0	0.0	0.0	75.4
					-										-
<b>Grand Total</b>	<b>1,026.7</b>	<b>70.4</b>	<b>-</b>	<b>-</b>	<b>1,097.1</b>	<b>1,055.5</b>	<b>83.2</b>	<b>-</b>	<b>-</b>	<b>1,138.7</b>	<b>1,017.9</b>	<b>85.2</b>	<b>-</b>	<b>-</b>	<b>1,103.1</b>

\* Grade classifications relate to the Parks Victoria agreement and do not equate to Victorian Public Sector grades.

<sup>^</sup> Estimates will be adjusted subject to the approved labour strategy following the outcome of the base review and may be offset by flood recovery funding. Estimates are also subject to the budget confirmation and completion of the Parks Victoria Corporate and Business plans.

## 15 - Staffing matters - EPA

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
Executive	1.0	4.0	0.0	0.0	1.0	0.0	6.0	0.0	0.0	0.0	0.0	6.0	0.0	0.0	0.0
Field Staff	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grade 1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grade 2	16.9	2.0	0.0	0.0	16.9	12.9	3.4	0.0	0.0	12.9	12.9	1.0	0.0	0.0	13.9
Grade 3	74.5	3.0	0.0	0.0	74.5	70.6	11.0	0.0	0.0	70.6	26.5	0.0	0.0	0.0	26.5
Grade 4	109.4	10.9	0.0	0.0	109.4	98.5	10.2	0.0	0.0	98.5	104.5	4.6	0.0	0.0	109.1
Grade 5	95.9	6.8	0.0	0.0	95.9	94.0	12.2	0.0	0.0	94.0	97.8	9.8	0.0	0.0	107.6
Grade 6	37.8	5.0	0.0	0.0	37.8	35.7	5.5	0.0	0.0	35.7	36.7	3.0	0.0	0.0	39.7
Legal Adaptive	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Science Adaptive	24.9	5.0	0.0	0.0	24.9	24.9	6.0	0.0	0.0	24.9	25.9	3.0	0.0	0.0	28.9
STS	2.0	0.0	0.0	0.0	2.0	2.0	0.0	0.0	0.0	2.0	2.0	0.0	0.0	0.0	2.0
<b>Total</b>	<b>362.4</b>	<b>36.7</b>	<b>0.0</b>	<b>0.0</b>	<b>362.4</b>	<b>338.7</b>	<b>54.3</b>	<b>0.0</b>	<b>0.0</b>	<b>338.7</b>	<b>306.3</b>	<b>27.4</b>	<b>0.0</b>	<b>0.0</b>	<b>327.7</b>

## 15 - Staffing matters - Sustainability Victoria

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
Executive	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Field Staff	1.0	0.0	0.0	0.0	1.0	1.0	0.0	0.0	0.0	1.0	1.0	0.0	0.0	0.0	1.0
Grade 1	11.0	2.0	0.0	0.0	13.0	10.0	1.0	0.0	0.0	11.0	10.0	0.0	0.0	0.0	10.0
Grade 2	25.0	14.0	0.0	0.0	39.0	29.0	16.0	0.0	1.0	46.0	27.0	11.0	0.0	1.0	39.0
Grade 3	37.0	13.0	0.0	0.0	50.0	40.0	12.0	0.0	0.0	52.0	38.0	8.0	0.0	0.0	46.0
Grade 4	28.0	1.0	0.0	0.0	29.0	32.0	1.0	0.0	0.0	33.0	31.0	1.0	0.0	0.0	32.0
Grade 5	1.0	0.0	0.0	0.0	1.0	1.0	0.0	0.0	0.0	1.0	1.0	0.0	0.0	0.0	1.0
Grade 6	0.0	5.0	0.0	0.0	5.0	0.0	6.0	0.0	0.0	6.0	0.0	6.0	0.0	0.0	6.0
Legal Adaptive	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Science Adaptive	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
STS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>103.0</b>	<b>35.0</b>	<b>0.0</b>	<b>0.0</b>	<b>138.0</b>	<b>113.0</b>	<b>36.0</b>	<b>0.0</b>	<b>1.0</b>	<b>150.0</b>	<b>108.0</b>	<b>26.0</b>	<b>0.0</b>	<b>1.0</b>	<b>135.0</b>