



**PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

**2011-12 BUDGET ESTIMATES QUESTIONNAIRE**

**DEPARTMENT OF BUSINESS AND INNOVATION**

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## Department of Business and Innovation (DBI)

### PART A: Non-budget-sensitive information

Responses to questions in Part A are due by 5.00pm, 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?

The Department's key strategic priorities for 2011-12 are:

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

The 2011-12 strategic priorities are in line with the Department's objectives (outcomes) that DBI aims to achieve:

- Supply low cost information and assistance to **Victorian businesses so they are better placed to start-up, export and grow.**
- Provide market intelligence and assistance to organisations to make it easy to invest and to promote **Victoria as an attractive place to invest.**
- Create awareness campaigns to encourage **more tourists to visit Victoria**
- Identify industry requirements for skilled workers and assist businesses in accessing skilled workers from overseas to align the **skills base to better meet industry needs**
- Support organisations to undertake collaborative research so **knowledge is created and innovation stimulated**
- Develop and deliver key infrastructure projects so that **Victoria's infrastructure needs are better met.**

### **Question 1.2**

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

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

## **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. Numerous areas of the Department are involved in the budget process and it is not practical to estimate the input cost of developing the State Budget.

- (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 refer to 2.1 (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.

Not applicable refer to 2.1 (a).

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

Nil. The Department's submission of items for consideration in this State Budget did not require any external assistance.

### **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

Responses to questions in Part B are due by 5.00pm, 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?

As stated in 1.2 the Department's priorities for 2011-12 reflect the Government's sharper focus on creating economic opportunities to stimulate job and business growth, support the manufacturing sector and implement regulation reform that tailors regulation to limit the impact on business.

- (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.

Investment Support Program was not funded by previous budgets beyond 2010-11 and \$17.2 million has been approved for 2011-12. The program will be subject to a detailed evaluation to determine the most effective method to support investment attraction to Victoria.

Some workforce participation programs were not funded by previous budgets beyond 2010-11 and \$2.2 million has been approved for 2011-12 (Employment Start Up).

### 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 of 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 2012-11 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	2010-11 Expected Outcome	2011-12 Target	Variance %
Sector Development	46.9	63.1	34.5%
Small Business	35.4	51.2	44.6%
Innovation	21.8	16.5	-24.3%
Science and Technology	138.8	184.8	33.1%
Strategic Policy	10.3	12.2	18.4%
Investment Attraction and Facilitation	74.1	85.8	15.8%
Exports	22.8	33.3	46.1%
Employment and Industrial Relations	37.9	23.3	-38.5%
Marketing Victoria	152.5	73.9	-51.5%
Major Projects	106.8	123.7	15.8%
<b>TOTAL OUTPUT COST</b>	<b>647.3</b>	<b>667.9</b>	<b>3.2%</b>

### 1. Sector Development (34.5 per cent)

Increase to 2011-12 Target

- \$8.5 million – Rephased funding for the Industry Transition Fund from prior years.
- \$5.0 million – New funding for the Regional Aviation Fund.
- \$1.3 million – Estimated Carryover for the Victorian Industry and Manufacturing Strategy and the Carbon Market initiative.
- \$1.2 million – Additional funding for the Agenda for New Manufacturing initiative.
- \$0.2 million – New funding for the Geelong Manufacturing Council
- \$0.2 million – New funding for the Geelong Regional Airport Feasibility study.
- \$0.1 million – New funding for the MoviExperience initiative.
- \$0.1 million – New funding for the Textile and Fashion Hub.

## **2. Small Business (44.6 per cent)**

Increases to 2011-12 Target

- \$8.5 million – New 2011-12 funding for Business Victoria Online
- \$6.7 million – Estimated Carryover for the Skills for Growth program (\$4.8 million) and Strong Economic Pathways for Aboriginal Victorians programs (\$1.9 million).

## **3. Innovation (-24.3 per cent)**

Decrease to 2011-12 Target

- \$5.7 million – Rebase of the Innovation Output due to machinery of Government changes and realignment of the Industry Transition Fund from the Innovation Output to the Sector Development Output.
- \$0.5 million – Lapsed Treasurers Advance funding for “The Conversation”.

Offset by Increases to 2011-12 Target:

- \$0.7 million – Estimated carryover for Victorian Innovation Strategy.
- \$0.5 million – New 2011-12 funding for the Industry Sustainability Working Committee.
- \$0.1 million – New 2011-12 funding for the Collaborative Network for Technology Transfer initiative.

## **4. Science and Technology (33.1 per cent)**

Increases to 2011-12 Target:

- \$15.7 million – Impact of the Re-phasing (\$10.3 million) of 2010-11 funding for the Victorian Innovation Strategy in 2011-12 and additional funding of \$5.4 million.
- \$14.0 million – Additional funding for the Olivia Newton-John Cancer and Wellness Centre including new 2011-12 funding of \$1.5 million for Stage 2b.
- \$5.9 million – Estimated Carryover for Victorian Innovation Strategy (\$1.9 million), Biotechnology (\$1.4 million), Connecting Victoria (\$1.0 million) and Biomedical Research (\$0.8 million).
- \$2.8 million – Additional funding for Biotechnology programs.
- \$2.8 million – Additional General Recurrent funding.
- \$1.5 million – Additional funding for the National ICT Australia grant.
- \$0.8 million – New funding for the Office of the Lead Scientist initiative.
- \$0.3 million – New funding for the Victorian Biotechnology Advisory Council.

## **5. Strategic Policy (18.4 per cent)**

Increase in 2011-12 Target:

- \$1.5 million – Partial realignment of the Victorian Innovation Strategy to this output.
- \$0.4 million – Estimated Carryover for the Major Events – Post Event Evaluation (\$0.2 million) and Carbon Markets initiative (\$0.2 million).

## **6. Investment Attraction and Facilitation (15.8 per cent)**

Increases to 2011-12 Target:

- \$13.7 million – New 2011-12 funding for the Investment Support Program.
- \$1.1 million – Additional funding for the International Airshow.
- \$0.7 million – New 2011-12 funding for the 2012 World Expo in Yeosu, South Korea.

Offset by decreases to 2011-12 Target:

- \$4.2 million – Completion of programs funded under the Victorian Industry and Manufacturing Strategy, 2010 World Expo in Shanghai and the Transport Infrastructure Manufacturing Scheme.

## **7. Exports (46.1 per cent)**

Increases to 2011-12 Target:

- \$3.6 million – Realignment of output for the Investment Support Program to the Export Output.
- \$3.4 million – New 2011-12 funding for the Investment Support Program.
- \$3.1 million – New 2011-12 funding for the Export Victoria Program.
- \$1.1 million – Additional Funding for the International Education Strategy.
- \$0.6 million – Additional Funding for the Regional Blueprint Industry Capability Network Initiative.
- \$0.5 million – New 2011-12 funding for Victoria: Leader in Learning initiative.
- \$0.5 million – Realignment of output for the Connecting Victoria program to the Export Output.

Offset by decreases to 2011-12 Target:

- \$2.1 million – Completion of programs under the Opening Doors to Exports program.

## **8. Employment and Industrial Relations (-38.5 per cent)**

Decrease to 2011-12 Target:

- \$17.4 million – Redesign and streamline of Employment Services provided by Government.
- \$0.6 million – Full year reduction in funding for the machinery of Government transfer of the Public Sector Industrial Relations Unit to the Department of Treasury and Finance.

Offset by increases to 2011-12 Target:

- \$2.2 million – New 2011-12 funding for Employment Start Up Program.
- \$0.1 million – CALD Job Bank Registry

## **9. Marketing Victoria (-51.5 per cent)**

Reduction to 2011-12 Target

- \$62.4 million – Temporary adjustment in Major Events funding including Australian Grand Prix Corporation, Australian Open Tennis and the Melbourne Cup Carnival held centrally by DTF.
- \$10.5 million – Adjustment in estimated External Revenue for Cooperative Marketing Initiatives.
- \$5.7 million – Temporary adjustment in the grant paid to Tourism Victoria as a result of initiative phasing.
- \$1.3 million – Completed Treasurers Advances for the Victorian Flood Recovery (\$1.0 million) and transitional costs associated with the Victorian Bushfire Recovery and Reconstruction Authority (\$0.3 million).
- \$0.5 million – Once off funding provided for the Melbourne Convention and Exhibition Centre contract management.

Offset by increase to 2011-12 Target

- \$0.5 million – New 2011-12 funding for the Red Bull Air Race feasibility study.

## **10. Major Projects (15.8 per cent)**

Increase to 2011-12 Target

- \$13.6 million - Additional Expenditure (and equivalent revenue) associated with the Cost of Goods Sold - Land Sales for the Kew Residential Development Project.
- \$1.0 million - New funding for the International Competition to Redevelop Flinders Street Station.
- \$1.0 million - Carryover of funding from the 2010-11 Expected Outcome to the 2011-12 Target.
- \$0.8 million - Additional depreciation charge related to Capital projects.
- \$0.5 million - Additional General Recurrent Funding.

**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.

Variation in relation to Employee Benefits expenditure is anticipated to be under 10 per cent between the 2010-11 Expected Outcome (\$107.5 million) and the 2011-12 Target (\$105.3 million) when the impact of machinery of Government transfers are taken into account.

**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.

OPERATING EXPENSE CATEGORIES	2010-11 EXPECTED OUTCOME	2011-12 TARGET
ACCOMMODATION EXPENSES	19,240,982	
AUDIT COSTS	1,167,509	
BOOKS & PUBLICATIONS	659,230	
COMPUTER SERVICES & EQUIPMENT	16,530,330	
CONSULTANTS & PROFESSIONAL SERVICES	85,942,734	
EDUCATION EXPENSES	4,002,037	
ENTERTAINMENT RECEPTIONS & MEETINGS	1,638,907	
MARKETING & MEDIA EXPENSES	42,342,638	
MOTOR VEHICLE EXPENSES	987,555	
OTHER NON SPECIFIC EXPENSES <sup>1</sup>	101,136,751	
POSTAGE & COMMUNICATIONS	1,876,543	
STATIONERY & OFFICE EXPENSES	1,807,756	
TRAVEL & RELATED EXPENSES	5,321,579	
<b>TOTAL OPERATING EXPENSES</b>	<b>282,654,551</b>	

Footnote:

1 - Primarily relates to cost of goods sold for Major Project Victoria - Kew Residential Development Project.

The 2010-11 Expected Outcome has been based on the March 2010 year to date actual plus expected expenditure for the last quarter. The 2011-12 Target has not been provided as the Department's detailed budgets to account level is not complete, in particular, the application of efficiency initiatives down to expenditure categories. It is anticipated that the expenditure categories data to account level will be available in June 2011.

**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.

EXPENDITURE CATEGORIES	2010-11	2011-12
	EXPECTED OUTCOME	TARGET
Entertainment Expenses	1,423,838	
Overseas Travel	2,787,714	
Legal Expenses	277,731	
Consultants	2,662,311	
Contractors	76,128,590	
Grants to Non-Government Organisations	251,742,397	
<b>Total</b>	<b>335,022,581</b>	

The 2010-11 Expected Outcome has been based on the March 2010 year to date actual plus expected expenditure for the last quarter. The 2011-12 Target has not been provided as the Department's detailed budgets to account level is not complete, in particular, the application of efficiency initiatives down to expenditure categories. It is anticipated that the expenditure categories data to account level will be available in June 2011.

### 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.

Review	Estimated Cost	Expected Completion Date
Industry Assistance Review	To be confirmed	September 2011
Review and strengthen the business strategy for the Chinese, Indian, European and Middle Eastern markets.	To be determined	China and India to be completed by end of 2011.

## 7. Efficiencies

### Question 7.1

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

- (a) the total savings for 2011-12 for the Department as a result of efficiency initiatives in the 2011-12 Budget: and

The Department's total 2011-12 savings target as a result of efficiency initiatives in 2011-12 Budget is \$24.12 million.

This is comprised of two savings iterations:

- (i) 2011-12 Coalition Election Commitment Savings \$13.4 million  
(ii) 2011-12 Measures to offset GST reduction \$10.6 million

- (b) for the efficiency initiatives announced in the 2008-9, 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 table below shows the efficiency initiatives announced in the 2008-09, 2009-10 and 2010-11 budgets which apply to 2011-12:

<b>Efficiency Initiatives</b>	<b>2011-12 \$m</b>
2008-09 – General Efficiency (largely staff related)	\$ 8.32
2009-10 – General Efficiency (non staff related)	\$ 12.00
2010-11 – WoG (reduction in escalation funding for non-salary)	\$ 20.00
<b>Total savings applied from 2008-09 to 2010-11</b>	<b>\$ 40.32</b>
MoG - Reallocation of Prior Year Savings <sup>1</sup>	-\$ 18.18
Net Savings Applied to DBI from 2008-09 to 2010-11	\$ 22.14
<b>Total Efficiency Savings Applicable to 2011-12 (a+b)</b>	<b>\$ 46.26</b>

Footnotes:

1 - Savings allocated to initiatives impacted by Machinery of Government changes and transferred to receiving departments. (ie. Skills Victoria, Regional Development Victoria, etc)

## 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).

<b>Asset Initiative</b>	<b>Estimated Expenditure 2011-12 (\$m)</b>
Melbourne Exhibition Centre expansion – land acquisition (Melbourne)	17.2
Docklands Studios Melbourne – future directions – infrastructure enhancement (Docklands)	9.0
Parkville Gardens (Melbourne)	2.7
Federation Square East – Feasibility and investigations (Melbourne)	1.2
<b>Total projects</b>	<b>30.1</b>

### 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>Program</b>	<b>2011-12 (\$m)</b>	<b>Total Funding (\$m)</b>
Victorian Innovation Statement <sup>1</sup>	77.8	290.0
Investment Support Program <sup>2</sup>	45.1	256.2
Biomedical Research <sup>3</sup>	26.7	Ongoing funding
Skills for Growth <sup>4</sup>	20.0	51.9
Olivia Newton-John Cancer and Wellness Centre <sup>5</sup>	18.9	41.8

**Footnotes:**

1 – Victorian Innovation Statement funding commenced in the 2008-09 Budget and sunsets in 2012-13.

2 – Investment Support Program funding commenced in the 2008-09 Budget and sunsets in 2011-12. Investment Support Program has an ongoing annual funding component of \$7.9 million.

3 – The Biomedical Research Program funding is ongoing annual funding.

4 – The Skills for Growth program funding commenced in the 2008-09 Budget and sunsets in 2012-13.

5 – The Olivia Newton-John Cancer and Wellness Centre DBI funding commenced in the 2010-11 Budget and sunsets in 2012-13.

**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;

the intended revised timing for use of the carried forward funds, including project-specific details for asset initiatives.

## 2011-12 Budget Estimates questionnaire

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Output Initiative	2011-12 (\$m)
Skills for Growth	4.8
Building Our Industries for the Future(Victorian Industry and Manufacturing Strategy)	2.8
Victorian Innovation Statement	2.5
Time to Thrive 2 : Masterclass for growth	1.9
Connecting Victoria	1.6
Competitive Business Fund	1.5
Biotechnology	1.4
Business Development Program	1.3
General Recurrent Funding	1.2
New Workforce Partnerships	1.2
Regional Blueprint Initiatives	1.2
World Expo Shanghai	0.9
Biomedical Research	0.8
Carbon Markets in ICO	0.8
Employment Initiatives	0.5
Return to Earning	0.5
Bridge to Work	0.5
Victorian Government International Offices	0.4
Major Events Fund - Post Event Evaluation	0.2
Innovation Centre 257 Collins St	0.2
Design Sector Strategy	0.2
Awareness - Science and Community	0.1
<b>Total Estimated Carryover</b>	<b>26.4</b>

Rounding in the above table will account for any variance to the Total Estimated Carryover.

At the time the 2011-12 Budget Papers were prepared there was no estimated carryover in relation to Asset Funding.

### **Response: (b)**

The reasons for the Department's output carryover are as follows:

- Grant recipients not achieving milestones in line with payment scheduled;
- Delays in finalising grant contracts; and
- Delays in starting of new initiatives (relating to recruitment of staff to administer programs, change of government, etc)

**Response: (c)**

It is anticipated that the carry over funding will be used in 2011-12 to complete the commitments under each of the funded programs.

## **9. Revenue initiatives, departmental income (fees, fines, taxations 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.

The Department of Business and Innovation is not a revenue generating Department. There are no new revenue raising initiatives or changes to existing revenue initiatives that will occur during 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 concessions/subsidy initiatives. For each initiative/changes, 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 details 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.

The Department of Business and Innovation does not have any new or changed tax expenditure or concession/subsidy initiatives for the 2011-12 Budget.

**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.

The Department of Business and Innovation is not a revenue generating Department.

**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.

**Department of Business and Innovation  
Income from Transactions**

(\$ million)

	2010-11 Revised	2011-12 Budget	Variance (%)
Output Appropriation	1,234.2	522.9	-58%
Interest	22.9	2.5	-89%
Sale of goods and services	320.5	..	-100%
Grants	82.9	16.7	-80%
Other Income	117.4	109.7	-7%
<b>Total Income from Transactions</b>	<b>1,777.9</b>	<b>651.8</b>	<b>-63%</b>

The variance between the 2010-11 revised and the 2011-12 Budget is primarily a result of the machinery of Government changes that took effect from 1 January 2011. This included the transfer of Skills Victoria, including the TAFE sector to the Department of Education and Early Childhood Development which was the largest component of the Department's revenue.

Regional Development Victoria transferred to the Department of Planning and Community Development which previously contributed to the Department's Output Appropriation and Interest revenue.

## 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.

The Department of Business and Innovation is not expecting to receive any grants from the Commonwealth during the 2011-12 Budget period. Any funding previously received from the Commonwealth has been impacted by the machinery of Government changes and will be received by other departments.

### 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 (SSPs);
- (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.

[Refer 10.1 response.](#)

**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 2012-15, 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 of services delivered by the Department's portfolios in 2011-12?

[The most significant environmental pressures facing Victorian businesses are the impacts of climate change and the transition to a low carbon](#)

economy. Businesses are already facing increases in the cost of electricity for a range of reasons including costs to replace and expand network infrastructure and in response to policies including smart meter roll-out and renewable energy support. The proposed introduction of a carbon price will also impact on business costs.

The Department provides a range of support targeting environmental issues and the transition to a low carbon and more sustainable economy. These include:

- funding for sustainability projects through the Victorian Science Agenda;
- the development of a cleantech strategy and development of the carbon market services industry; and
- support for the development of electric vehicles and electric vehicle standards.

(b) How have these issues been addressed in the Department's budget for 2011-12 and over the forward estimates to 2012-15?

In accordance with Government policy commitments the Department is establishing an Industry Sustainability Working Committee to advise the Government on:

- ways to encourage businesses to include environmental quality in their strategies and adopt new sustainable technologies and production practices;
- likely future demand for green jobs in Victoria and future skill requirements to meet that demand;
- ways to facilitate the growth and development of Victoria's cleantech sector.

Funding of \$1 million over the next two years has been allocated to the Working Committee.

(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.

<b>Initiative</b>	<b>2010-11</b>	<b>2011-12</b>
Industry Sustainability Working Committee	\$0.00	\$0.5 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.

	Critical Issues	Explanation of how these issues are addressed through the 2011-12 Budget
Metropolitan Melbourne	<p>Managing the impact of a high Australian dollar.</p> <p>Dealing with available skills supply and industry needs.</p> <p>Industry needs for industrial land, efficient port and transport infrastructure and reduced traffic congestion in Melbourne.</p> <p>Managing competing land use in Fishermans Bend with the future release of residential land.</p> <p>Impact of higher utility charges on industry, including consideration of the additional impact of the introduction of a Federal carbon reduction scheme.</p> <p>Strengthening DBI's engagement with industry.</p>	<p>Facilitating information on managing currency risk and strategies to lower costs and lift productivity, including tapping into the appropriate global supply chains and forming strategic partnerships. Supporting exporters in market development activities through the First Steps Export Program.</p> <p>Assist business in identifying potential labour sources, including overseas skilled workers. Incorporate into State Migration Plan.</p> <p>DBI is participating in the development of the Government metropolitan planning framework. It is assessing the economic implications of infrastructure costs and efficiency on industry, and is continuing its examination of the need for industrial land.</p> <p>DBI is assessing the impact on industry, and looking to establish a Industry Sustainability Working Committee.</p> <p>In order to work closer with Victorian businesses that are facing the challenges of global competition, including a high Australian dollar, the Department is strengthening its presence in Melbourne's South-</p>

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		<p>East, North and West by relocating Business Development Managers from its Melbourne CBD office to the Victorian Business Centres in those regions. This complements the strong presence DBI has in regional Victoria.</p> <p>DBI Minister are also conducting a range of Roundtables with industries and establishing the overarching Industry Roundtable detailed in the election commitments.</p>
Regional Cities	<p>Managing the impact of a high Australian dollar.</p> <p>Dealing with available skills supply and industry needs.</p> <p>The impact of the floods on regional tourism businesses.</p> <p>Impact of higher utility charges on industry, including consideration of the additional impact of the introduction of a Federal carbon reduction scheme.</p>	<p>Facilitating information on managing currency risk and strategies to lower costs and lift productivity, including tapping into the appropriate global supply chains and forming strategic partnerships. Supporting exporters in market development activities through the First Steps Export Program.</p> <p>Assist business in identifying potential labour sources, including overseas skilled workers. Incorporate into State Migration Plan.</p> <p>Clean Up and Restoration Grants and DBI is working to help communities and the business sector.</p> <p>DBI is assessing the impact on industry, and looking to establish a Industry Sustainability Working Committee</p>
Rural Victoria	<p>Managing the impact of a high Australian dollar.</p> <p>Dealing with available skills supply and industry needs.</p>	<p>Facilitating information on managing currency risk and strategies to lower costs and lift productivity, including tapping into the appropriate global supply chains and forming strategic partnerships. Supporting exporters in market development activities through the First Steps Export Program.</p> <p>Assist business in identifying potential labour sources, including overseas skilled workers. Incorporate into State Migration Plan.</p>

	<p>The impact of the floods on regional tourism businesses.</p> <p>Impact of higher utility charges on industry, including consideration of the additional impact of the introduction of a Federal carbon reduction scheme.</p> <p>Access to broadband and the NBN</p>	<p>Clean Up and Restoration Grants and DBI is working to help communities and the business sector.</p> <p>DBI is assessing the impact on industry, and looking to establish a Industry Sustainability Working Committee</p> <p>DBI will advocate for the expedient upgrade of broadband capacity including mobile telephony and through the effective implementation of the National Broadband Network, particularly in regard to encouraging competition, consumer choice and technology innovation in regional Victoria</p>
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**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 Departments objectives as detailed in Budget Paper 3 page 151 are the principles in which DBI allocates resources across our responsibilities. However we have specific targets to attract new investment and jobs into regional Victoria. The Department is delivering on the Government's commitment to address the decline in regional tourism due to floods with a number of specific initiatives such as the flood recovery package \$1.5 million, \$1 million for regional and country tourism and \$1 million for a tourism fund. Details of other projects in regional and rural Victoria are listed in the response to 13.3.

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**Question 13.3**

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

<b>Project</b>	<b>Budget allocation for 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>Net present value (in 2011 dollars), where applicable</b>
Regional Aviation Fund	\$5.00	New	To assist with infrastructure development to increase the viability of regional public-use airports throughout Victoria	The majority of the funding will be provided through grants	Regional Aviation Projects funded	Increased competitive capacity of regional Victoria through improved supply chain efficiencies and linkages to regional markets.	N/A
Industries for Today and Tomorrow	\$4.75	Existing	To assist regional businesses to expand, invest in regional Victoria and generate more exports.	The majority will be provided through grants.	Jobs created in regional Victoria New exports facilitated in regional Victoria New investment facilitated in regional Victoria	Skills and capability of workforce increased. Boosted innovative capacity of business. New export markets identified and developed. Stronger position for regional businesses in industry structures and supply chains.	N/A
Innovation through Clusters	\$1.00	Existing	To strengthen innovation and productivity in key regional Victorian industries.	The majority of the funding will be provided through grants.	Jobs created in regional Victoria New exports facilitated in regional Victoria New investment facilitated in regional Victoria	Improved supply chain management in the aviation, biotechnology, food and farming, ICT and education industries.	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).

### 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.

Output	Performance Measure	Rationale for Change or Variances
Sector Development	Australian views of screen content supported by Film Victoria	The 2011-12 Target and the 2010-11 Expected Outcome is higher than the 2010-11 Target due to changed methodology in counting views.
	Value of film, television and digital media production supported by Film Victoria production	The 2011-12 performance is the same as the 2010-11 measure except for the removal of the word 'new' to be replaced with the word 'digital' and measures the same activity as per the performance measure in 2010-11.
Small Business	Business interactions (call, web, in person)	The 2010-11 Expected Outcome is higher than the 2010-11 Target due to increased demand for services and the increasing use of Smart Forms. The 2011-12 Target is higher than the 2010-11 Target due to increased demand for new Business Victorian Online services expected in 2011-12.
	Registration for online services	The 2011-12 Target is higher than the 2010-11 Target due to increased demand for new Business Victoria Online services expected in 2011-12.
	Skills for Growth: businesses assisted	The 2010-11 Expected outcome is higher than the 2010-11 Target due to greater than expected interest for the Skills for Growth program during this period. The 2011-12 Target is higher than the 2010-11 Target as the target measures cumulative performance since the inception of the program, not annual performance.
	Skills for Growth: training placements	The 2011-12 Target is higher than the 2010-11 Target as the target measures cumulative performance since the inception of the program, not annual

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<b>Output</b>	<b>Performance Measure</b>	<b>Rationale for Change or Variances</b>
		performance.
Innovation	Average number of visits to Victoria Online	The 2010-11 Expected Outcome is higher than the 2010-11 Target due to search engine organisation and user preference of accessing Government information and services online. The 2011-12 Target is higher than the 2010-11 Target due to the past year's growth in patronage and established user preference.
Science and Technology	Biotechnology projects and programs underway	The 2010-12 Target is higher than the 2010-11 Target due to new projects as a result of an increase in funding for biotechnology-related activities.
	Contracts for the Innovation Commercialisation program under management	This performance measure replaced the 2010-11 performance measure 'Contracts for the Technology Commercialisation program under management'. The 2011-12 performance measure is the same as the 2010-11 measure, except for the replacement of the word 'technology' with 'innovation' and measure the same activity as per the performance measure in 2010-11.
	ICT projects and programs under way	The 2011-12 Target is higher than the 2010-11 Target due to the overlap of broadband application projects from 2010-11 to 2011-12.
Investment Attraction and Facilitation	Jobs created in Regional Victoria	This performance measure is transferred directly from the Regional Economic Development, Investment and Promotion output.
	New investments facilitated in regional Victoria	This performance measure is transferred directly from the Regional Economic Development, Investment and Promotion output.
Exports	Companies participating in export programs	The performance measure 'Companies participating in export programs' is proposed to replace the 2010-11 performance measure 'Companies provided with export assistance'. It has been replaced to more accurately reflect the nature of assistance provided.
	Exports facilitated and imports replaced	The 2011-12 Target is higher than the 2010-11 Target due to new business engagement processes that are more accurate in capturing departmental

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<b>Output</b>	<b>Performance Measure</b>	<b>Rationale for Change or Variances</b>
		export outcomes.
	New exports facilitated in regional Victoria	This performance measure is transferred directly from the Regional Economic Development, Investment and Promotion output.
	Number of new companies participating in Export Programs	New performance measure for 2011-12 to measure the number of companies participating in Export Programs for the first time.
	Trade fairs and missions supported	The 2011-12 Target is lower than the 2010-11 Target due to the trend towards fewer but larger trade fairs and missions.
	Client satisfaction with export assistance offered	The 2011-12 Target is higher than the 2010-11 Target due to previous client feedback informing and improving export program design.
Employment and Industrial Relations	Skilled Migration Victoria – average number of visits per month to the <i>Live in Victoria</i> web site	This performance measure is transferred directly from the Workforce Participation output. This performance measure replaces the 2010-11 performance measure 'Global Skills for Victoria – average number of visits per month to the <i>Live in Victoria</i> web site'. The 2011-12 performance measure is the same as the 2010-11 measure except for the name and measures the same activity as per the performance measure in 2010-11.
	Government Youth Employment Scheme – apprenticeships and traineeships commenced	This performance measure transferred directly from the Workforce Participation output.
	Response to general workplace enquiries	The 2011-12 Target is lower than the 2010-11 Target as potential clients are less likely to initiate general workplace enquiries as they will be provided with greater up-front information in 2011-12 from workplace visits, web sites and promotional activity than occurred in 2010-11.
	Client satisfaction with services provided to facilitate innovative and high performing workplaces and major investment projects	This performance measure is transferred directly from the Industrial Relations output.
	Skilled Migration Victoria –	This performance measure is

**2011-12 Budget Estimates questionnaire**

<b>Output</b>	<b>Performance Measure</b>	<b>Rationale for Change or Variances</b>
	client satisfaction with services provided	transferred direct from the Workforce Participation output. This performance measure replaces the 2010-11 performance measure 'Global skills for Victoria – client satisfaction with services provided'. The 2011-12 performance measure is the same as the 2010-11 measure except for the name and measures the same activity as per the performance measure in 2010-11.
	Victoria represented in major industrial relations cases and inquiries	This performance measure was transferred from the 2010-11 Industrial Relations output, and replaces the 2010-11 performance measure 'Victoria represented in major industrial relations cases and inquiries in accordance with Government policy'. The 2011-12 performance measure measures the same activity as per the performance measure in 2010-11.
	Skilled Migration Victoria – average processing time for state sponsorship applications	This performance measure is transferred directly from the Workforce Participation output. This performance measure replaces the 2010-11 performance measure 'Global Skills for Victoria – average processing time for state sponsorship applications'. The 2011-12 performance measure is the same as the 2010-11 measure except for the name and measures the same activity as per the performance measure in 2010-11.
Tourism	Investment projects facilitated	The 2011-12 Target and 2010-11 Expected Outcome is lower than the 2010-11 Target due to increased global competition.
	Number of domestic overnight visitors	New performance measure for 2011-12 to reflect the focus on tracking domestic visitation to Victoria.
	Number of visitors (international)	The 2011-12 Target is higher than the 2010-11 target due to a stronger recent performance.
	Visitor expenditure: <ul style="list-style-type: none"> <li>• Domestic</li> <li>• International</li> <li>• In regional Victoria (domestic)</li> </ul>	The 2011-12 Target is higher than the 2010-11 Target due to stronger recent performance.

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<b>Output</b>	<b>Performance Measure</b>	<b>Rationale for Change or Variances</b>
	Visitvictoria.com annual visits to site	The 2011-12 Target is higher than the 2010-11 Target due to the increased demand from the China market.
	Victoria's share of domestic tourism advertising awareness among target markets: interstate	The 2011-12 Target is higher than the 2010-11 Target due to improved campaigns driving increased awareness.
Major Projects	Princes Pier – Completion of the deck works restoration and the refurbishment of the gatehouse programs	The 2011-12 Target reflects the extension of the project from qtr 4 in 2010-11 to qtr 2 2011-12 to take into account further works required on the gatehouse programs. Therefore the 2010-11 Expected outcome is not applicable.
Innovation	Design Sector Initiative: Business immersions completed	This performance measure has been proposed to be discontinued as previous budgets did not allocate funding for the program beyond 30 June 2011.
	Design Sector Initiative: People participating in lectures, seminars and workshops	This performance measure has been proposed to be discontinued as previous budgets did not allocate funding for the program beyond 30 June 2011.
Industrial Relations	Client satisfaction with the programs and activities delivered under the Working Families agenda	This performance measure has been proposed to be discontinued as previous budgets did not allocate funding for the program beyond 30 June 2011.
Workforce Participation	New Workforce Partnerships – jobseekers who achieve sustainable employment outcomes (minimum of 16 weeks)	This performance measure has been proposed to be discontinued as previous budgets did not allocate funding for the program beyond 30 June 2011.
	People assisted by Returning to Earning Program	This performance measure has been proposed to be discontinued as previous budgets did not allocate funding for the program beyond 30 June 2011.
	Client satisfaction with targeted employment initiatives	This performance measure has been proposed to be discontinued as previous budgets did not allocate funding for the program beyond 30 June 2011.
Regional Economic Development,	Companies in regional Victoria provided with assistance for growth	This performance measure has been proposed to be discontinued as it is no longer relevant due to a greater focus

Output	Performance Measure	Rationale for Change or Variances
Investment and Promotion	opportunities	on investment and job outcomes rather than the amount of individual businesses assisted.

**Question 14.3**

For each initiative (asset or output) in the 2010-11 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.

The only initiatives over \$20 million are the Melbourne Marketing (Tourism output) and the Olivia Newton John Cancer and Wellness Centre (Science and Technology Output).

## **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.

**Contact details**

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The completed questionnaire must be returned in two parts:

**PART A: by 5.00pm, 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](mailto:paec@parliament.vic.gov.au)

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

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